

WEST VALLEY CITY

STATE OF UTAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2006

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WEST VALLEY CITY, UTAH
Comprehensive Annual Financial Report
Year Ended June 30, 2006

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WEST VALLEY CITY

Unity • Pride • Progress

December 12, 2005

Honorable Mayor and Members of the City Council
West Valley City, Utah

Mayor and City Council:

The Comprehensive Annual Financial Report (CAFR) of West Valley City, Utah (the City), for the fiscal year ended June 30, 2006 is herewith submitted. This report has been prepared by the City's Finance Department. The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with City management. We believe the data as presented is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This report has been prepared to strictly follow the guidelines recommended by the Government Finance Officers Association (GFOA). Those governments whose annual financial reports are judged to conform substantially with high standards of public financial reporting including generally accepted accounting principles promulgated by the Government Accounting Standards Board, may be awarded a Certificate of Achievement for Excellence in Financial Reporting.

This year's report has been revised to comply with the financial reporting model required by the Governmental Accounting Standards Board (GASB) Statement 34. In addition to the fund financial information currently presented in the City's financial statements, this report includes government-wide financial statements. The government-wide financial statements include a Statement of Net Assets that provides the total net assets of the City, including all capital assets (including infrastructure) and a Statement of Activities that shows the cost of providing government services.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

In accordance with the GFOA's guidelines, the accompanying report consists of three parts:

1. **Introductory Section:** Letter of transmittal to the City from the City Manager, the City's organizational chart, and a list of principal officials.
2. **Financial Section:** Management's discussion and analysis, the City's basic financial statements, and a report of the City's independent auditors on the financial statements.
3. **Statistical Section:** Tables and selected data depicting the financial history of the City for the past 10 years and demographic and other useful information.

The City is required to undergo a single audit in conformity with the provisions of the Single Audit Act of 1996 and U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Information related to this single audit, including the schedule of expenditures of federal awards and independent auditors' report on compliance and on internal control over financial reporting, is included in a separate report issued to the City dated November 4, 2006.

THE REPORTING ENTITY AND ITS SERVICES

This report includes all of the funds of the City. A full range of municipal services excluding water, sewer, and electricity are provided by this municipality. Revenues within the general fund are utilized by the City to provide public safety including fire, police, and ordinance enforcement. Other services provided are streets, stormwater drainage, golf courses, E Center, Hale Centre Theatre, Family Fitness Center, Utah Cultural Celebration Center, sanitation, parks, planning & zoning, a seniors activity center, general legislative, and administrative services.

The City operates a number of special revenue funds, including a Building Authority, Redevelopment Agency, E Center Fund, Hale Centre Theatre Fund, Fitness Center Fund, Sanitation Fund, Stormwater Drainage Fund, Utah Cultural Celebration Center, Grants Fund, and Impact Fee Funds for Roads, Parks, Fire, Police, and Flood Control. The Building Authority is used to accumulate resources to service lease revenue bonds issued to finance the construction of several major facilities, including the West Valley Event Center, Hale Centre Theatre at Harman Hall, and the Fitness Center. The Redevelopment Agency assists businesses seeking to locate within the City, and identifies and renovates blighted areas of the City. The E Center Fund shows the results of operations of the West Valley Event Center (E Center). The Hale Centre Theatre Fund shows the results of the City's operations of the Hale Centre Theatre at Harman Hall. The Fitness Center Fund shows the results of operations of the West Valley Fitness Center. The Sanitation Fund was created to match waste collection revenues and expenditures. The Stormwater Drainage Fund accounts for revenues and expenditures related to the City's stormwater drainage services. The Utah Cultural Celebration Center (Cultural Center) was constructed to provide a facility for ethnic and cultural groups to meet, perform, and display the diversity of cultures which make up the City. The Grants Fund was created to match and segregate grant-related revenues and expenditures which were previously included in the General Fund. The Road, Park, Fire, Police, and Flood Control Impact Fee Funds utilize impact fees charged on new construction in the City to provide capital improvements and infrastructure required by new growth.

The City operates four enterprise funds. West Ridge Golf Course provides a buffer zone for the Alliant Techsystem Inc. (formerly Hercules Inc.) facility as well as a recreation area for the

community. Stonebridge Golf Course provides a high-quality recreation facility, as well as providing green space within the City's business and industrial areas. The City's Housing Authority assists in providing low-cost housing to low-income residents. The City also set up an enterprise fund to report operations of its ambulance service, which began providing ambulance service to West Valley City residents in October of 2005.

West Valley City owns the E Center, an events center including a hockey arena, which is operated by Centennial Management. It currently is the home of the Utah Grizzlies, and was the venue of the 2002 Winter Olympics for men's hockey. It is also used for concerts, basketball tournaments, and other public events.

Salt Lake County, Granite School District, Granger Hunter Improvement District, Magna Water Company, Magna Mosquito Abatement District, Taylorsville Bennion Improvement District, Kearns Improvement District, Central Utah Water Conservation District, Salt Lake County Mosquito Abatement District, and Salt Lake County Water Conservancy District do not meet the criteria to be included in the reporting entity, and are therefore excluded from this CAFR.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

In developing and evaluating the City's accounting system, consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition; and 2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. We believe the City's internal accounting controls adequately safeguard the assets and provide reasonable assurance of proper recording of financial transactions.

The City's accounting records for general government operations are maintained on a modified accrual basis, with revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's enterprise funds are on an accrual basis.

By State law, the City Manager of West Valley City is required to submit a proposed budget to the City Council by the first regularly scheduled meeting of the City Council in May. The City Council then reviews with the City Manager, through the budget hearing process, all budget requests. The City Council then adopts a tentative budget, which is then placed before the public to review. Comments are received, problems and recommendations are considered, then after due consideration, the City Council ultimately adopts a budget before June 22 if no tax increase is considered. If a tax increase is proposed, an additional advertising and public hearing process is required with an ultimate budget adoption date before August 17.

The City's budget is an annual budget with monthly budget allotments recommended by the Department Heads. The Finance Department places the budget allotments, as approved by the City Manager, on the financial system, making funds available for spending in each appropriate month. The City has been on a monthly budget allotment system for more than twenty years and found it to be beneficial for planning cash flow and controlling spending.

GENERAL GOVERNMENT FUNCTIONS

The schedule on the following page presents summaries of all revenues and expenditures for the General Fund for the fiscal years ended June 30, 2006 and 2005, and the percentage of increases and decreases compared to the prior year. Total revenues in 2006 increased by \$1,848,569, a 3.4% increase from 2005; expenditures increased \$4,536,697, up 9.3% from 2005. Sales and use taxes increased, reflecting the upturning economy, and as a result of new stores bringing additional retail sales to the City. Utility taxes increased as a result of increased development creating new utility users, and due to utility rate increases. Licenses and permits increased, affected by increased developments spurred by the upturning economy, and because of several large projects infusing building permits and associated fees. Increased Intergovernmental revenues reflected an increase in Class C tax funds received from the State of Utah. Fines and forfeitures decreased due to decreased citations issued by the City Police Department, as recent efforts to enforce safer driving by residents resulted in fewer violations. Interest on investments increased significantly because of rising investment interest rates, and due to improved cash flow providing funds for investment pending expenditure. Special Improvement Districts decreased, returning to their normal annual level following last year's one-time increase for expected SID property foreclosure proceeds. Land sales decreased from the previous year's unusually high level; after using land sales and other nonoperating sources of revenue to fund City operations, fewer marketable properties remain in the City's inventory to be sold.

The City's Legislative expenditures increased due to biennial election expenditures occurring during the first half of fiscal year 2006. The Legal Department reported increased expenditures as grants which had previously subsidized victim advocate and other programs were reduced, while rising demands for criminal and civil actions required increasing staff; also, rising insurance costs caused liability expenditures in the Legal Department's Risk Office to rise. Police Department expenditures increased because of increased personnel costs, substantial fuel cost increases, and additional programs funded through various grants. The Public Works Department incurred significant increases in C-Roads funded street projects, streetlight maintenance and installations, and major building repairs and maintenance. Community Development increased expenditures due to transportation study costs incurred during the year, and due to increased ordinance enforcement personnel costs. Non-departmental expenditures decreased from the previous year as a result of lower asset construction and acquisition costs. Debt service costs increased, reflecting bond issuance and refunding costs; these costs should be recovered in future periods as more favorable refunded bond payment terms come into play.

<u>Revenues General Fund</u>	<u>FY 2004- 2005</u>	<u>FY 2005- 2006</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
General Property Taxes	\$12,093,568	\$12,639,420	\$545,852	4.51%
Sales and Use Taxes	16,812,611	19,100,985	2,288,374	13.61%
Utility Taxes (Franchise)	7,246,470	8,562,963	1,316,493	18.17%
Licenses and Permits	2,861,618	3,183,143	321,525	11.24%
Intergovernmental	3,260,863	3,757,389	496,526	15.23%
Fines and Forfeitures	3,750,382	3,518,722	(231,660)	(6.18)%
Charges for Services	1,768,443	1,307,066	(461,377)	(26.09)%
Interest on Investments	509,687	1,580,759	1,071,072	210.14%
Special Improvement Districts	841,275	477,290	(363,985)	(43.27)%
Sale of Land	4,555,159	1,597,914	(2,957,245)	(64.92)%
Miscellaneous	974,118	797,112	(177,006)	(18.17)%
TOTAL	\$54,674,194	\$56,522,763	\$1,848,569	3.38%

<u>Operating Expenditures General Fund</u>	<u>FY 2004- 2005</u>	<u>FY 2005- 2006</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Legislative	\$415,877	\$528,660	\$112,783	27.12%
Administrative	4,523,139	4,782,331	259,192	5.73%
Legal	1,981,705	2,225,550	243,845	12.30%
Finance	1,327,489	1,368,605	41,116	3.10%
Non Departmental	351,450	354,251	2,801	0.80%
Police	16,521,074	18,058,374	1,537,300	9.31%
Fire	7,342,895	7,512,396	169,501	2.31%
Highways and Public Improvements	5,609,082	7,551,698	1,942,616	34.63%
Parks and Recreation	1,388,871	1,317,756	(71,115)	(5.12)%
Community Development	2,432,422	2,852,095	419,673	17.25%
Other Nondepartmental	2,583,819	1,552,472	(1,031,347)	(39.92)%
Debt Service	4,356,138	5,266,470	910,332	20.90%
TOTAL	\$48,833,961	\$53,370,658	\$4,536,697	9.29%

DEBT ADMINISTRATION

West Valley City has no bonded general obligation debt. However, we recognize the need to have the ability to issue revenue bonds and utilize lease purchasing.

The ratios of net debt to the assessed valuation of taxable property and the amount of the general debt per capita are useful indicators of the City's debt position for municipal management, citizens, and investors. This data for West Valley City, at the end of the 2006 fiscal year is as follows:

Governmental Activities Long-term Liabilities	\$106,430,728
Legal Limit of General Obligation Debt	\$236,315,142
Ratio of Debt to Assessed Value	2.66%
Ratio of Debt to Percent Market Value	1.80%
Debt Per Capita	\$881.36

BOND RATING

West Valley City's conservative position with regard to debt management resulted in Standard & Poor's Ratings Services (S&P) assigning municipal bond ratings of "AA" to the City.

CASH MANAGEMENT

West Valley City has in place a depository contract with Zions Bank in Salt Lake City, Utah, which is an agreement concerning all deposited money. The bank pays interest monthly based on the average daily sweep account balance. The city deposits and invests all funds as allowed under the Utah Money Management Act. During fiscal year 2005-2006 the general fund was able to maintain \$16,200,742 as an average investment, which earned interest of \$677,191 with an average interest rate of 4.2%. During the same fiscal year the other funds were able to earn interest of \$193,122 on an average balance of \$4,620,144. The City also earned interest on unspent bond proceeds and debt reserves held by bond trustees. The total interest earnings to the city during fiscal year 2005-2006 was \$6,069,145. Of this total, \$1,580,759 was earned by the general fund; the balance of \$4,488,386 was earned by the Capital Improvements Fund, special revenue funds, and enterprise funds.

GENERAL FIXED ASSETS

As of June 30, 2006, the capital assets of the City, net of depreciation, were \$347,787,723. Assets are used in the performance of general government functions. This amount represents the original cost of the assets, with the exception of infrastructure acquired at the time of the City's incorporation in 1980. These assets are valued at estimated cost adjusted for inflation. As of June 30, 2006, the City is required by GASB 34 to include infrastructure in capital assets. Infrastructure includes major and minor streets, right-of-ways, sidewalks, bridges, traffic signals, and stormwater drainage structures. Donated assets are capitalized at their fair value on the date received. In accordance with GASB 34, depreciation is not recognized for governmental funds at the fund level, but is included on the entity-wide financial statements. Depreciation is recognized in the West Ridge Golf Course, Stonebridge Golf Course, Housing Authority, and Ambulance Service enterprise funds.

ECONOMIC CONDITION AND OUTLOOK

In fiscal year 2006 the City continued the economic recovery which started in 2005. Sales and use tax, which provides a significant portion of the City's operating revenue, increased significantly, and several large new businesses established new outlets. Interest rates rose somewhat in response to the overall economy, allowing the City to earn more on its investments. Intergovernmental revenue sources, especially federal monies including Community Development Block Grants (CDBG), are becoming tighter. The City has been able to maintain its focus on major aspects of its strategic plan, and continue to accommodate the service requirements mandated by its recent growth, while keeping tight control of expenditures. Necessary manpower increases in several public service areas were offset as much as possible by salary savings realized by leaving other open positions unfilled.

The highlight of the City's economic activity is centered around the following projects:

West Valley E Center

The \$57.5 million E Center, located east of I-215 at 3200 South, opened September 1997 and is the focal point of the City's expanding business activity. As the centerpiece of the Civic Center, the 10,400 seat arena is the home of the Utah Grizzlies professional hockey team. The E Center served as the venue for men's ice hockey during the 2002 Winter Olympics. The Center is also used for collegiate and high school athletic events, concerts, circuses, ice shows, rodeos, conventions, and a variety of special events.

Located southeast of the E Center is the \$9.8 million, 525 seat Hale Centre Theatre at Harman Hall. Completion and dedication of this magnificent theater-in-round coincided with founder Ruth Hale's 90th birthday on October 1st, 1998. This popular theater draws thousands to its year-round shows, and since its opening has already expanded its available stage areas.

The 57-acre site around the E Center now has more than 500 hotel rooms; a variety of restaurants; and a 153,400 square foot Carmike cinema and amusement center featuring 16 movie screens, many family oriented activities, a children's game area and food court.

In addition to the E Center bringing an important entertainment dimension to Salt Lake County, it also stimulates economic development. As development continues, employment within the project area is expected to include over 100 long-term permanent full-time jobs, and 300 part-time jobs. Using a multiplier factor for subsequent jobs created in the greater community, it is projected that an additional 400 jobs result from operation of the E Center. The nearly 2,000 potential new jobs from development in and around the E Center have a potential to infuse the regional economy with payroll wages in excess of \$40 million. Additionally, the E Center, Hale Centre Theatre, and surrounding businesses have raised the City's profile among Salt Lake valley residents; it is now more than ever a destination for valley residents and visitors.

Lake Park Corporate Center

Located just west of Bangerter Highway and 2400 South, Lake Park Corporate Center's 875 acres make it the largest office/recreation complex in the state. Owned and developed by Zions Securities, Phase I of the Park includes 375 acres for deluxe office campuses, such as the three story, 2,000 employee regional headquarters for Discover Credit Card, and the corporate headquarters for Intermountain Health Care. When completed, the park may employ as many as 12,000 workers. The remaining acreage is designed to preserve and enhance the natural habitat

for birds and other wildlife, utilizing a 27-hole Johnny Miller golf course, and a multitude of lakes, trails and open space. During fiscal year 2002 the City purchased the golf course (Stonebridge Golf Course) to provide recreation opportunities within the City, and ensure continuing green space. During the 2006 fiscal year the City sold land within its Stonebridge property for the construction of the Montessori charter school.

5600 West

The 5600 West corridor area continues to be the City's fastest developing area. The street has been widened to accommodate increased traffic as the City's population continues to grow in this area, and businesses are taking advantage of the increased access and population base. The largest of the new businesses is Wal Mart, which is operating two Super Wal Marts – one on the north end of the 5600 West corridor, and the second on the south end. Several other major retail enterprises, including Kohl's and Sears Grand have opened, and more are planning to open in the near future in this area. This growth is providing a healthy boost to the City's tax base. The 20,000 capacity amphitheater operated by United Concerts/Pristine Alpine Entertainment continues to bring in high-profile concerts scheduled throughout the summer season. The state of the art facility further raises West Valley City's profile as an entertainment destination, as well as further opening the West Ridge area for development.

MAJOR INITIATIVES

STRATEGIC PLAN

West Valley City's administration annually updates the strategic plan developed several years ago. This strategic plan includes input from both citizens and City administrators, reflecting the most important needs and expectations citizens have for the City organization. The City's administration and City Council have found this input to be very valuable in determining the direction of the City's growth and allocation of resources. The objectives identified in the current strategic plan are as follows:

1. Community and Economic Development
2. Public Safety
3. Transportation
4. Citizen Development

Many of the programs developed and implemented in past budget years in response to concerns highlighted in the strategic plan continue to produce positive results for the improvement and progress of the West Valley City community. Although these programs continue, they will not be detailed in this letter unless significant change has occurred.

COMMUNITY PLANNING - TAKING CHARGE OF GROWTH

The City's recent growth has reinforced the need for proactive planning, to be able to act positively, and not react to community pressures. The City is implementing an integrated GIS system, which ties together several diverse services with common ties to City geographical locations, providing a common database. It is also employing a long-range planner to anticipate future City needs. In addition, the City maintains an active Economic Development Department and Redevelopment Agency to guide and upgrade the City's business and economic base. The

Community and Economic Development Department continued laying the groundwork for the planned City Center redevelopment project, contracting for an extensive environmental impact study, and acquiring land in the project area. The 3500 South corridor is also an area being focused on, in connection with and in addition to the City Center project.

PUBLIC SAFETY

The City has been actively responding to the citizens' concerns in this area, having increased the police force by more than 70% since 1993. The police department is coordinating efforts with other involved departments on the Weed & Seed program to improve neighborhoods and remove some of the causes of juvenile crime. The concept of "village policing" is being implemented through Community Oriented Policing (COP), increasing positive police/citizen interaction and officers' familiarity with "their" neighborhoods. Two COP officers were hired during the year, along with two code enforcement officers. The City has upgraded communication and car-mounted computer equipment for its police officers, helping to increase the efficiency of the personnel.

JUSTICE COURT

The upgraded Justice Court has fulfilled expectations in prosecuting crimes and providing tighter control over citations issued in West Valley City. Collections have increased significantly, and violators who previously ignored citations are now being held accountable. This increased enforcement tool has added to the effectiveness of City programs such as the ACE program, and traffic enforcement to control the increasing volume of vehicle use. The public safety building acquired by the City provides space for the expanded Justice Court on its main floor with a new, state of the art facility. Its proximity to the police facilities enhances both departments' operations and inter-department coordination.

FIRE AND MEDICAL

The City's fire department is implementing a five-year plan to upgrade staffing levels, facilities, apparatus, equipment, and special needs of the department. Property taxes received from Salt Lake County are being used to provide paramedic services, giving citizens better service for their property tax dollars. The City's ambulance service also began operations during the year; this service provides quicker response time than was previously available, makes more efficient use of Fire Department assets, and enhances the spectrum of care provided by the City's Fire Department. The City's Fire Department is also participating in training citizens in the Community Emergency Response Team (CERT) program.

TRANSPORTATION ENHANCEMENTS

As West Valley City grows, increased capacity on the City's streets becomes more important. The City has been studying methods of facilitating traffic flow and improving transportation systems. These improvements include a coordinated signal system, and continuing a six-year street resurfacing program to maintain the City's infrastructure investment. During 2005-2006 the City started or continued major street improvement projects including 3200 West, 6000 West, 2700 West, and Charles Drive. The City also installed significant infrastructure upgrades in the area off 5600 West used by a number of salvage yards, creating a special improvement district to fund the improvements. As population continues to grow, mass transit must play an increasingly important role. The 3500 South corridor is a focus of attention, with planners working to make a more

efficient traffic flow design, and incorporating mass transit options. The City is working with neighboring cities on mass transit issues, including developing an environmental impact statement addressing the feasibility of putting in a light rail spur into the City. The City has begun acquiring properties in anticipation of creation of an intermodal transportation hub in coordination with UDOT and UTA.

CITIZEN DEVELOPMENT

The City is constantly working to improve communications between citizens and City staff; a City website has been set up to provide online access to City information, along with a public access television channel. A bi-monthly newsletter is also mailed out to citizens. Citizen input is actively requested in bringing issues to the City's attention. City CDBG grant resources are being used to provide assistance to elderly and disabled citizens, funding emergency repairs they could not otherwise afford. In addition, the Healthy West Valley City initiative is promoting community awareness and opportunities for health care and healthy living practices. The City's after-school program partnership is also seeing success, with existing projects expanding, and new ones such as the Hands on Science Outreach program reaching full operation.

SUMMARY

The City's economic and social environment continues to change, reflecting the larger society around it. Changes in property taxes, increasing e-commerce, and changes in the overall economy present challenges in projecting revenues; at the same time, a growing, changing City population requires the City to meet changing needs. The need for effective long-range planning is more important than ever. The stagnant economy of the previous years has taken a toll on the ability of the City to fund operations. Worthwhile, necessary projects have been delayed till funding becomes available. The current rising economic environment is providing an opportunity for the City to catch up previously postponed upgrades to equipment and infrastructure; however, demand still outstrips resources, requiring careful allocation of City resources.

That the City is able to accomplish so much during a period of tight economic circumstances is a tribute to the planning and commitment of the Mayor and Council. The coordinated efforts of finishing current projects while extending on to new planning efforts are only possible when continued direction and commitment are present, together with good management and focus of a dedicated staff. West Valley continues to show itself a leader in this area as it stacks success upon success.

ACKNOWLEDGMENTS

West Valley City continues to establish itself as a major and vital part of the greater Salt Lake Valley metropolitan area. Increasingly, West Valley City plays a leadership role in all aspects of life here. That the City continues to move so far, so quickly, can be attributed to the vision and dedication to pursuing common goals and objectives identified, defined and then carried out by the community as a whole, including residents, businesses, the City's staff, and especially its elected officials. They have to make the ongoing and often difficult decisions about how best to guide the City towards the brightest future possible. Without them as cooperative, unselfish and dedicated head of the City, the vision that guides it would remain only a vision.

These significant achievements are a result of the Mayor and Council's dedication to strong

planning through the Strategic Plan and their continued commitment to achieve effective government for the citizens of West Valley City.

CONCLUSION

Citizens of West Valley City can take great pride in their City. The City has successfully implemented the Strategic Plan, while at the same time providing services, recreation and lifestyle opportunities, and infrastructure improvements required by a growing citizen base. Achievements of this magnitude are only possible with clear direction from the Mayor and Council and good management from Executive Staff. The debt service obligations are current and the City continues to move forward.

RISK MANAGEMENT

The City participates in a risk management pool which covers all property and liability insurance claims in excess of \$25,000, which is the deductible. Third-party coverage also exists for workers' compensation and health insurance. The City is self-insured up to \$250,000 per event/per occurrence for workers compensation claims. In addition, safety programs and other measures to reduce loss have been implemented.

POST-EMPLOYMENT BENEFITS

The City offers no post-employment benefits except for retirement plan benefits as discussed in the notes to the financial statements. However, terminated employees have the option of purchasing their own health insurance under the IHC COBRA provisions. Those employees who retire also have the opportunity to purchase the COBRA plan offered by the City.

INDEPENDENT AUDIT

State law and City Municipal Code require the financial statements of West Valley City to be audited annually by a Certified Public Accountant selected by the City Council. This requirement has been complied with and the auditor's opinion is included in the Financial Section of this report.

This report has been audited by the firm of Jensen & Keddington, P.C., whose examination was made for the purpose of forming an opinion on the basic financial statements. As stated in the report, the independent auditors have given an unqualified opinion that the City's basic financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded Certificates of Achievement for Excellence in Financial Reporting to West Valley City for its Comprehensive Annual Financial Reports for the fiscal years ended June 30, 1991, and 1993 through 2005. The Certificate of Achievement is a prestigious award recognizing conformance

with the highest standards for preparation of state and local government financial reports.

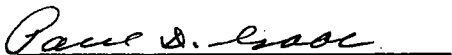
In order to be awarded the Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that this report conforms to the Certificate of Achievement Program requirements and is being submitted to the GFOA.

ACKNOWLEDGMENTS

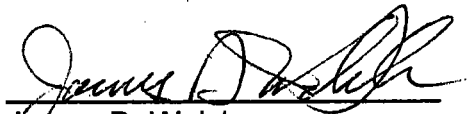
The timely preparation of this report was achieved by the efficient and dedicated accomplishments of the entire staff of West Valley City, to whom we offer our sincere appreciation.

Respectfully submitted,

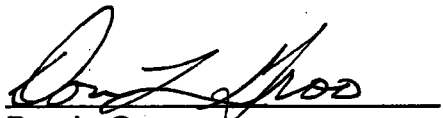
WEST VALLEY CITY



Paul D. Isaac
Acting City Manager



James D. Welch
Finance Director



Don L. Groo
Chief Accountant

WEST VALLEY CITY, UTAH

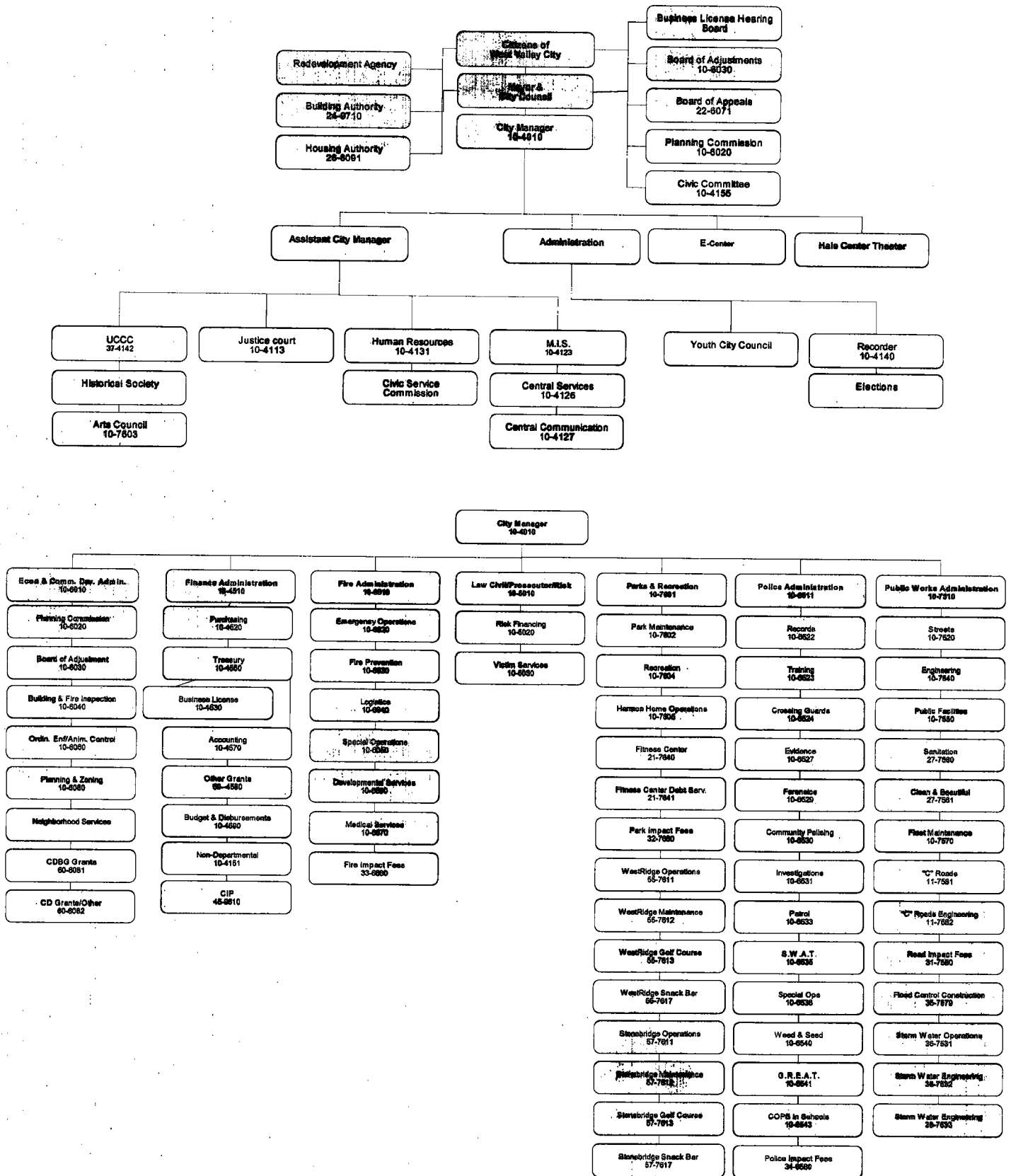
PRINCIPAL OFFICIALS

June 30, 2006

Dennis Nordfelt	Mayor
Margaret Peterson	Councilmember - At Large
Mike Winder	Councilmember - At Large
Carolynn Burt	Councilmember - Dist. 1
Joel Coleman	Councilmember - Dist. 2
Russel K. Brooks	Councilmember - Dist. 3
Steve Vincent	Councilmember - Dist. 4
Wayne T. Pyle	City Manager
Paul D. Isaac	Assistant City Manager
Sheri McKendrick	City Recorder
John C. Evans	Fire Chief
Joseph L. Moore	Community Development Director
J. Richard Catten	City Attorney
Thayle "Buzz" Nielsen	Police Chief
James D. Welch	Finance Director
Russell B. Willardson	Public Works Director
Kevin Astill	Parks and Recreation Director
Kendall D. Olsen	City Treasurer

West Valley City Organizational Chart

June 30, 2006



Certificate of Achievement for Excellence in Financial Reporting

Presented to

West Valley City,
Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Carla E. Perry

President

Jeffrey R. Enen

Executive Director



INDEPENDENT AUDITOR'S REPORT

Jensen & Keddington, P.C.

Certified Public Accountants

Honorable Mayor and
Members of City Council
West Valley City
West Valley City, Utah

Jeffrey B. Jensen, CPA
Gary K. Keddington, CPA
Brent E. Christensen, CPA
Jeffrey B. Hill, CPA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Valley City as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of West Valley City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type-activities, each major fund, and the aggregate remaining fund information of West Valley City as of June 30, 2006, and the respective changes in financial position, and the cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 4, 2006 on our consideration of West Valley City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and information about infrastructure assets reported using the modified approach, as noted on the table of contents, are not required parts of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise West Valley City basic financial statements. The introductory section, supplementary information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Fund Statements and the Schedule of Arts Council Revenues and Expenditures listed as supplemental information in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section, the impact fee schedule listed as supplemental information in the table of contents, and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Jensen & Keddington

November 4, 2006

WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2006

As management of West Valley City (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- As of the end of the current fiscal year, the assets of the City exceeded its liabilities by \$260,404,926 (net assets). Of this amount \$18,190,750 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The total net assets of \$260,404,926 are made up of \$228,050,581 in capital assets net of related debt and \$32,354,345 in other net assets.
- The City's total long-term liabilities decreased by \$37,966,351.
- The City's Municipal Building Authority defeased its Crossover Refunding Bonds Series 2000 in the amount of \$32,585,000 with restricted investments held for that purpose.
- The City added \$36,503,353 in prior year infrastructure to its reported capital assets.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of West Valley City's finances, in a manner similar to a private-sector business.

- The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, you will also need to consider other non-financial factors.
- The *statement of activities* presents information showing how the City's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of West Valley City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and public improvements, parks and recreation, and Community and Economic Development.

WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2006

The government-wide financial statements include not only the City itself, but the following blended component units. The West Valley City Housing Authority (Housing Authority), and West Valley City Building Authority (Building Authority), and West Valley City Redevelopment Agency (Redevelopment Agency) are legally separate entities governed by boards appointed by the City Council, consisting of the City Council members. For financial reporting purposes, the Housing Authority, Building Authority, and Redevelopment Agency are reported as if they were part of the City's operations because their governing boards are the City Council. Therefore, the City Council is financially accountable and has significant influence over the programs, projects, activities, and level of services performed or provided by the organizations.

Fund financial statements

A *fund* is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- *Governmental funds* These funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Building Authority Fund, and Redevelopment Agency Fund, which are considered to be major funds. Data from the other 13 governmental funds are combined into a single combined column. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report. Budgetary comparison schedules have been provided to demonstrate compliance with those budgets.

- *Proprietary funds* West Valley City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its West Ridge Golf Course, Stonebridge Golf Course, Housing Authority and Ambulance Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. West Ridge Golf Course and Stonebridge Golf Course are classified as major funds and are included on the Statement of Net Assets-Proprietary Fund within this report. Data from the other two proprietary funds are combined into a single combined column. Individual fund data for each of these non-major proprietary funds is provided in the form of *combining statements* elsewhere in the report. The basic proprietary fund financial statements can be found as listed in the table of contents.

WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2006

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Notes to the financial statements are located after the statements for major funds as listed in the table of contents.

Other Information

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found as listed in the table of contents.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$270,741,916 at the close of the most recent year. The City's overall financial position improved. Total net assets increased by \$30,485,006; net assets of governmental activities increased by \$30,144,265 and net assets of business-type activities by \$340,741. Overall revenues showed only a slight increase; where increased expenditures were required, largely in public safety and public works, either existing net assets (capital projects fund balance) or one-time revenues from land sales (\$1,597,914) were used to fund the expenditures. The large increase in governmental net assets was the result of the maturity and payoff of the Municipal Building Authority's Crossover Refunding Bonds. The Building Authority recognized \$32,585,000 in other financing sources, which had previously been reported as unearned revenue, from the Crossover Refunding bonds. This financing source was then used to pay off the matured Crossover Refunding debt. This reduced the City's liabilities by the amount of the debt. By far the largest portion of the City's net assets (\$228,050,581 or 87.6%) reflects its investment in capital assets (e.g. land, buildings, improvements other than buildings, machinery and equipment, furniture and equipment, and infrastructure assets), less any related debt used to acquire those assets that is still outstanding. In fiscal 2006 the City added \$36,503,353 in prior year infrastructure to its capital assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2006

West Valley City's Net Assets

	Governmental Activities 2006	Governmental Activities 2005	Business-type Activities 2006	Business-type Activities 2005
Current and other assets	\$ 68,400,317	\$ 95,505,731	\$ 3,091,187	\$ 3,056,235
Capital assets	329,162,678	301,412,891	18,625,045	18,991,264
Total Assets	<u>\$ 397,562,995</u>	<u>\$ 396,918,622</u>	<u>\$ 21,716,232</u>	<u>\$ 22,047,499</u>
Current and other liabilities	\$ 36,906,604	\$ 29,161,774	\$ 851,473	\$ 801,852
Long-term liabilities	106,922,082	144,166,804	14,194,142	14,915,771
Total Liabilities	<u>\$ 143,828,686</u>	<u>\$ 173,328,578</u>	<u>\$ 15,045,615</u>	<u>\$ 15,717,623</u>
Net assets:				
Invested in capital assets, net of related debt	\$ 222,731,950	\$ 157,396,087	\$ 5,318,631	\$ 4,927,823
Restricted	13,589,838	13,834,532	573,757	486,810
Unrestricted	17,412,521	52,359,425	778,229	915,243
Total Net Assets	<u>\$ 253,734,309</u>	<u>\$ 223,590,044</u>	<u>\$ 6,670,617</u>	<u>\$ 6,329,876</u>

An additional portion of West Valley City's net assets of \$14,163,595 (5.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$18,190,750) may be used to meet the government's ongoing obligations to citizens and creditors.

WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2006

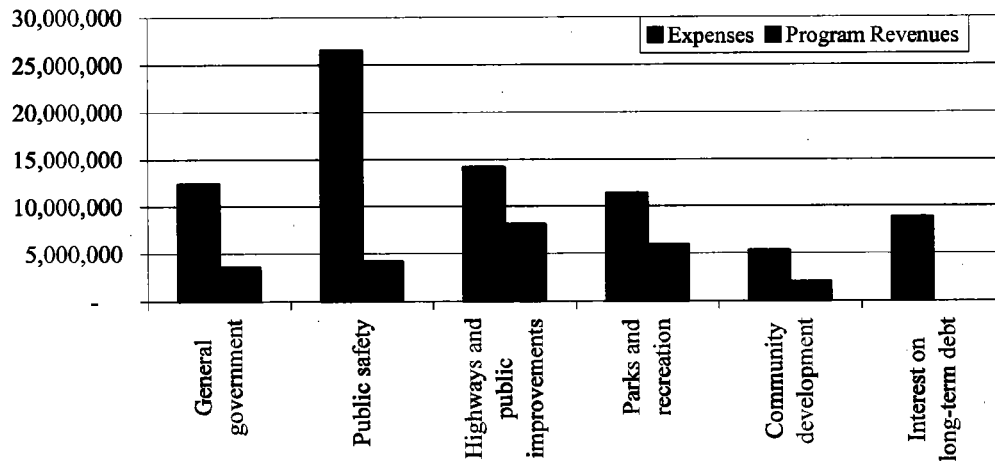
West Valley City's Changes in Net Assets

	Governmental Activities 2006	Governmental Activities 2005	Business-type Activities 2006	Business-type Activities 2005
Revenues:				
Program revenues:				
Charges for services	\$ 23,840,507	\$ 23,511,281	\$ 4,403,790	\$ 2,596,952
Operating grants and contributions	8,217,033	9,127,696	3,246,184	3,114,782
Capital grants and contributions	5,618,164	3,994,890	-	-
General revenues:				
Property taxes	16,388,067	15,879,503	-	-
Sales taxes	19,335,997	17,061,625	-	-
Franchise taxes	8,562,963	7,246,471	-	-
Other taxes	94,403	95,913	-	-
Unrestricted investment earnings	1,423,280	464,754	69,156	32,865
Gain (loss) on disposition of assets	1,218,421	1,309,349	343,866	-
Other revenues	155,167	214,412	-	-
Total Revenues	84,854,002	78,905,894	8,062,996	5,744,599
Expenses:				
General government	12,401,614	11,529,739	-	-
Public safety	26,478,626	26,441,432	-	-
Highways and public improvements	14,179,285	9,758,769	-	-
Parks and recreation	11,392,074	10,933,550	-	-
Community development	5,324,016	6,033,403	-	-
Interest on long-term debt	8,820,535	7,845,883	-	-
Golf courses	-	-	3,754,912	3,412,172
Housing Authority	-	-	3,269,565	3,223,787
Ambulance	-	-	1,752,093	20,276
Total Expenses	78,596,150	72,542,776	8,776,570	6,656,235
Increase in net assets before transfers and Special Item	6,257,852	6,363,118	(713,574)	(911,636)
Transfers	(1,054,315)	(1,171,014)	1,054,315	1,171,014
Special Item - receivable satisfied by receipt of fixed asset	(902,408)	-	-	-
Increase in Net Assets	4,301,129	5,192,104	340,741	259,378
Net Assets - Beginning	223,590,044	218,397,940	6,329,876	6,070,498
Prior Period Adjustment	25,843,136	-	-	-
Net Assets - Ending	\$ 253,734,309	\$ 223,590,044	\$ 6,670,617	\$ 6,329,876

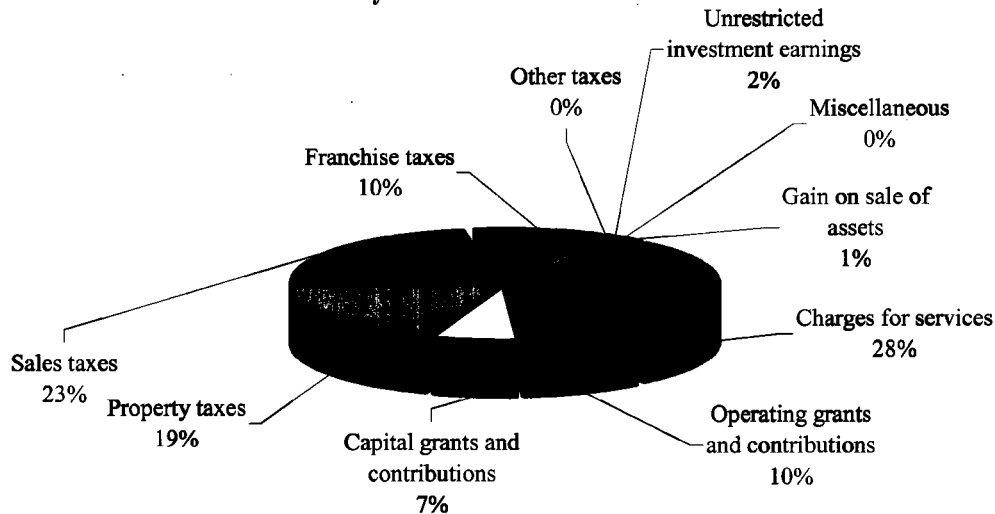
WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2006

The following graphs display the government-side activities for governmental activities reflected in the above tables. The program revenues on the graph below do not include general revenue such as property tax, sales taxes, etc., as listed on the preceding page.

Expenses and Program Revenues - Governmental Activities



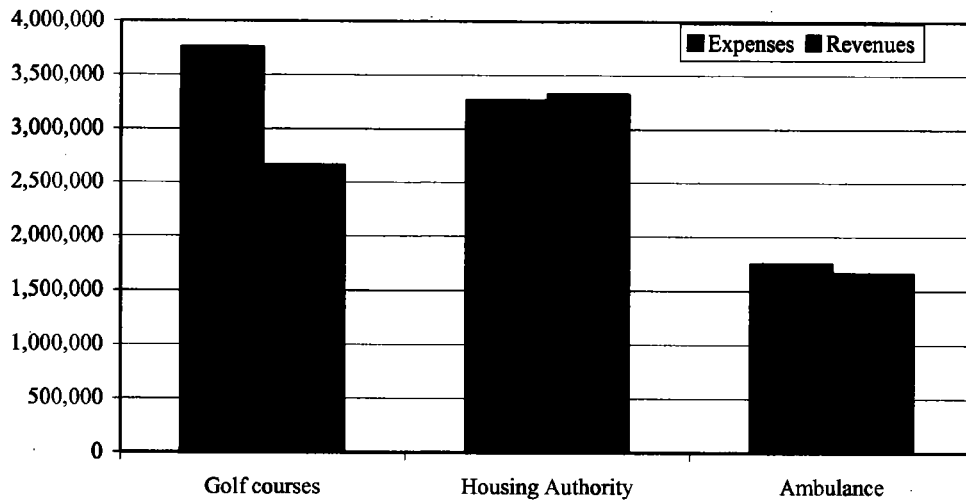
Revenues by Source - Governmental Activities



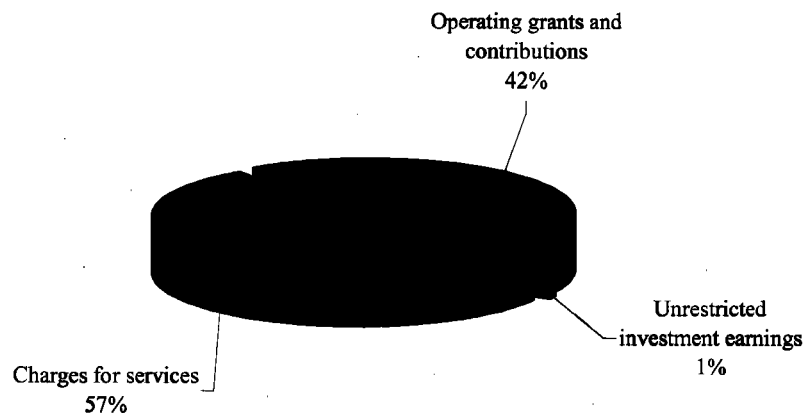
WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2006

Business-type activities. Business-type activities increased in the City's net assets by \$340,741. As of the end of the current fiscal year, West Ridge Golf Course and the Housing Authority reported positive net assets. Stonebridge Golf Course reported negative net assets of \$1,941,286 and Ambulance Fund reported negative net assets of \$410,978.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2006

Financial Analysis of the Government's Funds

As noted earlier, West Valley City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of government's net resources available for spending at the end of the fiscal year. West Valley City has three Major Governmental Funds: the General Fund, Redevelopment Agency, and Municipal Building Authority.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$27,912,450. Of this total amount \$9,722,612 (34.8%) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to pay debt service and for future development.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$5,328,203 while total fund balance reached a total of \$14,859,843. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 10.0% of total general fund expenditures, while total fund balance represents 27.8% of that same amount. Sales tax revenue, which is the largest single source of General Fund Revenue, increased by 13.6% in fiscal year 2006.

The Redevelopment Agency of West Valley City was created by the City Council with the authority and responsibility for redeveloping and upgrading blighted areas of the City. The members of the City Council are also members of the Redevelopment Agency's Board of Directors and, as such, are authorized to transact business and exercise their power to plan, engineer, and carry out projects of the Redevelopment Agency. Fund balance at the end of the year was \$3,167,881 with \$13,818,886 in assets composed of cash and equivalents, property tax increment receivable, receivables due from the City, and land held for future development.

The Municipal Building Authority of West Valley City was created under the provisions of the Utah Municipal Building Authority Act to acquire, build, improve and finance building projects on behalf of the City. Projects of the Municipal Building Authority include: the E-Center Arena, West Ridge Golf Course, and various additional building projects. During the fiscal year the City's Building Authority recognized \$32,585,000 in other financing sources from Crossover Refunding Bonds which were issued in 2000, but due to the nature of the crossover bonds' terms, deferred until the current year. The bonds had been reported as long-term debt in the City's net assets since issuance. The bonds matured in April 2006 and the previously deferred proceeds were used to pay off the matured debt.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the West Ridge Golf Course fund at the end of the year were in deficit by \$96,387. Revenues and expenses both increased, by \$48,773 (4.5%) and \$244,738 (22.9%) respectively. Net transfers increased by \$21,690. A management decision was made to open the course to play during marginal early and late season times. The additional course and equipment maintenance and operational expenses exceeded the additional revenue received during these times. New equipment, including a total replacement of the course's golf carts, was also acquired during the year to replace fully depreciated and worn out equipment.

Unrestricted net assets of the Stonebridge Golf Course fund at the end of the year amounted to a deficit of \$580,579, while total net assets increased by \$359,120 to a deficit net asset balance of \$1,941,286. This improved financial position was due primarily to two factors; the course sold unused land within its boundaries, recognizing a gain of \$271,866, and the City increased its transfers in by \$151,577 to reduce the fund deficit.

WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2006

General Fund Budgetary Highlights

During the fiscal year, the General Fund's original budget was amended from an original budget expenditure total of \$52,286,242 to a final budget of \$58,417,121, an increase of \$6,130,879. These increases can be briefly summarized as follows:

\$654,834 in decreases in non-departmental maintenance and construction.
 \$3,386,202 in increases allocated for highways and public improvements.
 \$50,991 in increases allocated to parks and recreation.
 \$485,051 in increases in general government.
 \$1,319,159 in increases in public safety.
 \$467,093 in increases in community development.
 \$1,077,217 in increases in debt service.

The highways and public improvements budget was increased in anticipation of using federal and state funding for several major street renovation projects. Public Safety departments received additional funding from state and federal grants during the year. The Community Development department budget was increased to fund a transportation study as part of the groundwork for a planned light rail expansion into the City. No other departments had significant variances between original and final budget, or between final budget and actual expenditures.

Of these increases, \$1,919,665 was to be funded out of operating and capital donations, \$1,215,114 was from the State "C" Roads allotment, \$1,597,914 was from sale of City-owned land, and \$1,956,888 was from Special Assessment Bonds issued.

Capital Assets and Debt Administration

Capital assets. West Valley City's investment in capital assets for its governmental and business-type activities as of June 30, 2006, amounts to \$347,787,723 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, furniture and equipment, and infrastructure. The total increase in the City's investment in capital assets for the current year was 8.6% (a 9.2% increase for governmental activities and a 1.9% decrease for business-type activities)

West Valley City's Capital Assets

(Net of Depreciation)

	Governmental Activities 2006	Governmental Activities 2005	Business - type Activities 2006	Business - type Activities 2005
Land	\$ 19,159,598	\$ 19,311,032	\$ 12,950,150	\$ 12,993,938
Infrastructure	210,493,934	178,651,733		
Buildings	93,344,024	96,316,137	3,245,809	3,376,713
Improvements other than buildings	424,475	-	821,309	909,683
Machinery and equipment	5,592,462	6,845,148	1,607,777	1,710,930
Furniture and equipment	120,180	61,527	-	-
Construction in progress	28,005	227,314	-	-
Total Capital Assets	\$ 329,162,678	\$ 301,412,891	\$ 18,625,045	\$ 18,991,264

Additional information on the City's capital assets can be found in Note 6 to this financial report.

WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2006

Infrastructure. The City has adopted an allowable alternative to reporting depreciation for three of seven infrastructure subsystems in the transportation network. Under this alternative method, referred to as the Amodified approach,@ the City must maintain as asset management system and demonstrate that its subsystems are being preserved at or above condition levels established by City policy. Infrastructure assets accounted for under the modified approach are not depreciated, and maintenance and preservation costs are expensed.

Major Streets

The condition of the major streets pavement is measured using the Transportation Asset Management System. This system uses a measurement scale that considers the condition of the roads using nine condition factors and then assigns the road a Remaining Service Life, (RSL), ranging from 0 to 20. The RSL is the remaining life of the road in years, if no additional upkeep, replacement, or maintenance is performed. The RSL is used to classify roads into categories as follows: Roads with a RSL rating of 20 years are considered in excellent condition, those with ratings of 14-19 years are considered in "very good" condition, those with ratings of 10-13 years are considered in "good" condition, those with ratings 6-9 years are considered in "fair" condition, those with ratings of 2-5 years are considered in "poor" condition, and those with ratings of 0-1 years are considered in "failed" condition.

It is the City's policy to maintain at least 80% of all major streets (by mileage) at or above the "fair to excellent" condition level. The City performs a complete condition assessment on each major street every three years. A condition assessment on the major streets was performed in this period and the next condition assessment is scheduled to be done during the spring of 2008.

In 2006, the City spent \$495,437 to maintain and preserve its major streets. These actual maintenance and preservation costs were less than the estimated maintenance and preservation costs of \$612,000. Estimated costs were the same as the prior year based on the multi-year plan adopted by the City's Public Works Department to maintain streets at the desired level. The actual costs rose slightly because of increased fuel and materials costs. This activity is expected to rise again in the coming year.

Minor Streets

The condition of the minor streets pavement is also measured using the Transportation Asset Management System. This system uses a measurement scale that considers the condition of the roads using nine condition factors and then assigns the road a Remaining Service Life, (RSL), ranging from 0 to 20. The RSL is the remaining life of the road in years, if no additional upkeep, replacement, or maintenance is performed. The RSL is used to classify roads into categories as follows: Roads with a RSL rating of 20 years are considered in excellent condition, those with ratings of 14-19 years are considered in "very good" condition, those with ratings of 10-13 years are considered in "good" condition, those with ratings 6-9 years are considered in "fair" condition, those with ratings of 2-5 years are considered in "poor" condition, and those with ratings of 0-1 years are considered in "failed" condition.

It is the City's policy to maintain at least 80% of all minor streets (by mileage) at or above the "fair to excellent" condition level. The City performs a complete condition assessment on each minor street every three years. A condition assessment on the minor streets was performed in 2006 and the next condition assessment is scheduled to be done during the spring of 2009.

It is the City's policy to maintain at least 80% of its minor streets (by mileage) at or above the "fair" condition level. The condition assessment completed in 2005 shows that 99% of the City's minor streets were in "fair" or better condition. GASB standards require reporting the last three complete condition assessments and needed-to-actual information for five years. However, the City implemented these new standards in 2003 and did not collect this information for the prior years. The City will continue to collect and retain this information so that over a period of six years, it will be able to report the required information.

In 2006, the City spent \$563,365 to maintain and preserve its minor streets. These actual maintenance and preservation costs were less than the estimated maintenance and preservation costs of \$690,000. Estimated costs decreased due to budget constraints, since the condition assessment indicated an overall acceptable level of maintenance. The actual costs were substantially unchanged from the prior year.

**WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2006**

Sidewalks

The condition of the City's sidewalks subsystem is measured using the Geodatabase System in which pavement management data has been entered into a database linked to each street which has accompanying sidewalk. Sidewalks are assigned a condition category based on physical inspection. Sidewalks showing no defects are considered in the "excellent/good" category, sidewalks with light spalling and less than 1" displacement are considered in the "fair" category, sidewalks with light spalling and 1" to 2" displacement are considered in the "poor" category, and sidewalks with heavy spalling or more than 2" displacement are considered in the "failed" category.

It is the City's policy to maintain a minimum of 95% of sidewalks (by length) in the "excellent/good" category. The City performs a complete condition assessment on its sidewalks every three years. The condition assessment completed in 2003 shows that 98% of the City's sidewalks were in "excellent/good" condition. GASB standards require reporting the last three complete condition assessments and needed-to-actual information for five years. However, the City implemented these new standards in 2003 and did not collect this information for the prior years. The City will continue to collect and retain this information so that over a period of five years, it will be able to report the required information.

In 2006, the City spent \$50,862 to maintain and preserve its sidewalks. These actual maintenance and preservation costs were less than the estimated maintenance and preservation costs of \$60,000. The savings are a result of the City's ability to reach its target condition level with less than budgeted expenditures.

Long-term debt. At the end of the current year, the City had total debt outstanding of \$120,624,870. The total amount is debt that is secured solely by specific revenue sources (i.e. revenue bonds). The debt shown below is net of the related debt issuance costs and/or unamortized premiums.

West Valley City's Outstanding Debt

	Governmental Activities 2006	Governmental Activities 2005	Business - type Activities 2006	Business - type Activities 2005
Revenue bonds	\$ 99,610,316	\$ 137,288,084	\$ 13,194,379	\$ 13,783,053
Special improvement	1,956,888	-	-	-
Note payable	2,957,000	4,505,088	-	-
Capital leases	538,694	1,024,816	999,763	1,132,718
Compensated Absences	1,367,830	1,348,816	-	-
Total	<u>\$ 106,430,728</u>	<u>\$ 144,166,804</u>	<u>\$ 14,194,142</u>	<u>\$ 14,915,771</u>

During the current fiscal year the City's total debt decreased by \$38,307,705. The City maintains an "AA-" rating from Fitch and from Standard & Poor's.

State statutes limit the amount of general obligation debt that a governmental entity may issue to 4% of its total taxable value. The current limitation for the City is \$236,315,142. The City currently has no outstanding general obligation debt. In addition, state statute allows for an additional 4% to be used for water, sewer, or electrical projects thus resulting in a debt limit of 8% of total taxable value. The current limitation for these water, sewer, or electrical projects is \$236,315,142. The City has no debt of this type.

Additional information on the City's long-term debt can be found in Note 11 to this financial report.

WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2006

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Salt Lake County (of which West Valley City is the second largest city) was 3.4%. This compares with a state unemployment rate of 3.1% and a national rate of 4.6%. This compares with previous year's rates of 5.8%, 4.7%, and 5.0% respectively. (Source: Utah Department of Workforce Service).
- The General Fund budget for the fiscal year ending June 30, 2006 reflects an increase of \$2,954,680 over the final budget for the fiscal year ending June 30, 2005.
- Economic trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City's budget for the 2006 fiscal year.

Request for Information

This financial report is designed to provide a general overview of West Valley City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: West Valley City, Finance Director, 3600 Constitution Boulevard, West Valley City, UT 84119.

BASIC FINANCIAL STATEMENTS

WEST VALLEY CITY
STATEMENT OF NET ASSETS
June 30, 2006

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 20,172,293	\$ 46,736	\$ 20,219,029
Receivables:			
Accounts, net	2,028,852	1,171,157	3,200,009
Taxes	24,558,264	-	24,558,264
Intergovernmental	4,161,429	-	4,161,429
Loans receivable	669,223	-	669,223
Prepays	14,658	-	14,658
Inventories	64,379	111,275	175,654
Restricted assets:			
Cash and cash equivalents	15,299,926	1,762,019	17,061,945
Intergovernmental receivable	741,879	-	741,879
Land held for resale	685,864	-	685,864
Capital assets not being depreciated:			
Land and collectibles	19,159,598	12,950,150	32,109,748
Infrastructure	178,917,338	-	178,917,338
Construction in progress	28,005	-	28,005
Capital assets net of accumulated depreciation:			
Buildings	93,344,024	3,245,809	96,589,833
Improvements other than buildings	424,475	821,309	1,245,784
Machinery and equipment	5,592,462	1,607,777	7,200,239
Furniture and equipment	120,180	-	120,180
Infrastructure	31,576,596	-	31,576,596
Other assets	3,550	-	3,550
Total Assets	\$ 397,562,995	\$ 21,716,232	\$ 419,279,227

The notes to the basic financial statements are an integral part of this statement.

WEST VALLEY CITY
STATEMENT OF NET ASSETS (Continued)
June 30, 2006

	Governmental Activities	Business-type Activities	Total
Liabilities:			
Accounts payable	\$ 1,984,856	\$ 352,573	\$ 2,337,429
Accrued liabilities	6,649,921	205,565	6,855,486
Accrued interest payable	2,075,550	293,335	2,368,885
Developer and customer deposits	1,477,078	-	1,477,078
Liabilities payable from restricted assets	321,254	-	321,254
Unearned revenue	24,397,945	-	24,397,945
Noncurrent liabilities:			
Accrued liabilities due in more than one year	491,354		491,354
Debt - Due within one year	6,862,539	710,800	7,573,339
Debt - Due in more than one year	99,568,189	13,483,342	113,051,531
Total Liabilities	143,828,686	15,045,615	158,874,301
Net Assets:			
Invested in capital assets, net of related debt	222,731,950	5,318,631	228,050,581
Restricted for:			
Debt Service	6,422,847	-	6,422,847
Future development	7,166,991	-	7,166,991
Housing Authority - expendable	-	573,757	573,757
Unrestricted	17,412,521	778,229	18,190,750
Total Net Assets	253,734,309	6,670,617	260,404,926
Total Liabilities and Net Assets	\$ 397,562,995	\$ 21,716,232	\$ 419,279,227

The notes to the basic financial statements are an integral part of this statement.

WEST VALLEY CITY
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2006

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Government Activities:						
General government	\$ 12,401,614	\$ 3,624,598	\$ 128,736	\$ -	\$ (8,648,280)	\$ (8,648,280)
Public safety	26,478,626	4,184,497	1,232,533	-	(21,061,596)	(21,061,596)
Highway and public improvements	14,179,285	8,090,910	3,704,477	5,582,164	3,198,266	3,198,266
Parks and recreation	11,392,074	5,897,509	30,889	36,000	(5,427,676)	(5,427,676)
Community development	5,324,016	2,042,993	3,120,398	-	(160,625)	(160,625)
Interest on long-term debt	8,820,535	-	-	-	(8,820,535)	(8,820,535)
Total Governmental Activities	78,596,150	23,840,507	8,217,033	5,618,164	(40,920,446)	(40,920,446)
Business-type Activities:						
Golf courses	3,754,912	2,659,256	-	-	-	(1,095,656)
Housing authority	3,269,565	83,143	3,246,184	-	-	59,762
Ambulance	1,752,093	1,661,391	-	-	-	(90,702)
Total Business-type Activities	8,776,570	4,403,790	3,246,184	-	(1,126,596)	(1,126,596)
Total Government	\$ 87,372,720	\$ 28,244,297	\$ 11,463,217	\$ 5,618,164	(40,920,446)	(42,047,042)
General Revenues:						
Property taxes					16,388,067	16,388,067
Sales taxes					19,335,997	19,335,997
Franchise taxes					8,562,963	8,562,963
Other taxes					94,403	94,403
Unrestricted investment earnings					1,423,280	1,423,280
Gain on disposition of capital assets					1,218,421	1,218,421
Other revenues					155,167	155,167
Transfers					(1,054,315)	1,054,315
Special Item - receivable satisfied by receipt of fixed assets					(902,408)	(902,408)
Total General Revenues, Transfers and Special Item					45,221,575	46,688,912
Changes in Net Assets					4,301,129	4,641,870
Net Assets, Beginning					223,590,044	229,919,920
Prior Period Adjustment					25,843,136	25,843,136
Net Assets, Ending					\$ 253,734,309	\$ 260,404,926

The notes to the basic financial statements are an integral part of this statement.

WEST VALLEY CITY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2006

	General	Building Authority	Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 7,539,430	\$ 4,686,053	\$ 2,820,456	\$ 5,126,354	\$ 20,172,293
Receivables:					
Accounts, net	493,518	-	-	1,535,334	2,028,852
Taxes	19,058,264	-	5,500,000	-	24,558,264
Intergovernmental	3,594,752	-	-	566,677	4,161,429
Loan receivables	-	-	-	669,223	669,223
Prepays	-	-	-	14,658	14,658
Due from other funds	5,991,860	-	4,158,582	529,546	10,679,988
Note receivable	4,600,000	-	-	-	4,600,000
Inventory	64,335	-	-	44	64,379
Land held for resale	-	-	685,864	-	685,864
Security deposits	-	-	-	3,550	3,550
Restricted assets:					
Cash and cash equivalents	3,499,132	4,071,663	653,984	7,075,147	15,299,926
Intergovernmental receivable	741,879	-	-	-	741,879
Total Assets	\$ 45,583,170	\$ 8,757,716	\$ 13,818,886	\$ 15,520,533	\$ 83,680,305
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 794,536	\$ 7,154	\$ 617,880	\$ 565,286	\$ 1,984,856
Accrued liabilities	5,090,900	-	27,989	2,022,386	7,141,275
Developer and customer deposits	1,344,089	-	-	132,989	1,477,078
Due to other funds	-	-	4,496,236	6,183,752	10,679,988
Unearned revenue	23,291,842	-	5,508,900	762,662	29,563,404
Notes payable	-	4,600,000	-	-	4,600,000
Liabilities payable from restricted assets	201,960	-	-	119,294	321,254
Total Liabilities	30,723,327	4,607,154	10,651,005	9,786,369	55,767,855
Fund Balances:					
Reserved for:					
Debt service	1,697,200	4,071,663	653,984	-	6,422,847
Future development	3,234,440	-	-	3,932,551	7,166,991
Long-term note receivable	4,600,000	-	-	-	4,600,000
Unreserved, reported in:					
General fund	5,328,203	-	-	-	5,328,203
Special revenue funds	-	78,899	2,513,897	(2,039,984)	552,812
Capital projects fund	-	-	-	3,841,597	3,841,597
Total Fund Balances	14,859,843	4,150,562	3,167,881	5,734,164	27,912,450
Total Liabilities and Fund Balances	\$ 45,583,170	\$ 8,757,716	\$ 13,818,886	\$ 15,520,533	\$ 83,680,305

The notes to the basic financial statements are an integral part of this statement.

WEST VALLEY CITY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
June 30, 2006

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total Fund Balance - Governmental Funds	\$ 27,912,450
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	329,162,678
Deferred revenues on the Governmental Funds - Balance Sheet that are accounted for as net assets, long term liabilities, and interest income on the Statement of Net Assets	5,165,459
Interest expense is not due and payable in the current period and therefore is not recorded in the funds.	(2,075,550)
Long-term liabilities, including bonds, capital leases, notes, and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	<u>(106,430,728)</u>
Total Net Assets - Governmental Activities	<u>\$ 253,734,309</u>

The notes to the basic financial statements are an integral part of this statement.

WEST VALLEY CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
For The Year Ended June 30, 2006

	General	Building Authority	Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 40,303,368	\$ -	\$ 4,784,300	\$ 235,012	\$ 45,322,680
Fees and passes		-	-	9,561,713	9,561,713
Licenses and permits	3,183,143	-	-	-	3,183,143
Intergovernmental	3,757,389	-	-	2,606,945	6,364,334
Fines and forfeitures	3,518,722	-	-	-	3,518,722
Charges for services	1,307,066	-	-	-	1,307,066
Rental income		-	-	-	-
Interest	1,580,759	4,288,483	59,678	3,577,992	3,577,992
Special assessments	477,290	-	-	70,119	5,999,039
Miscellaneous	797,112	-	3,148	-	477,290
				137,229	937,489
Total Revenues	54,924,849	4,288,483	4,847,126	16,189,010	80,249,468
Expenditures:					
Current:					
General government	9,259,397	-	-	113,312	9,372,709
Public safety	25,570,770	-	-	1,084,953	26,655,723
Highways and public improvements	7,551,698	-	-	6,584,092	14,135,790
Parks and recreation	1,317,756	-	-	6,883,181	8,200,937
Community development	2,852,095	-	-	845,230	3,697,325
Other nondepartmental	1,552,472	-	-	-	1,552,472
Redevelopment Agency	-	-	2,103,258	-	2,103,258
Debt service:					
Principal	3,853,505	35,252,950	150,000	473,955	39,730,410
Interest	1,412,965	6,559,918	910,591	173,504	9,056,978
Capital outlay	-	155,666	-	1,135,503	1,291,169
Total Expenditures	53,370,658	41,968,534	3,163,849	17,293,730	115,796,771
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,554,191	(37,680,051)	1,683,277	(1,104,720)	(35,547,303)
Other Financing Sources (Uses):					
Refunding bonds issued (Note 10)	-	32,585,000	-	-	32,585,000
Special assessment bonds issued	1,956,888	-	-	-	1,956,888
Transfers in	2,347,673	6,388,450	14,196	6,717,621	15,467,940
Transfers out	(9,563,220)	-	(687,652)	(6,271,383)	(16,522,255)
Sale of capital assets	1,597,914	-	-	171,606	1,769,520
Special item - receivable satisfied by receipt of fixed assets	-	-	-	(902,408)	(902,408)
Total Other Financing Sources (Uses)	(3,660,745)	38,973,450	(673,456)	(284,564)	34,354,685
Net Change in Fund Balances	(2,106,554)	1,293,399	1,009,821	(1,389,284)	(1,192,618)
Fund Balances, Beginning	16,966,397	2,857,163	2,158,060	7,123,448	29,105,068
Fund Balances, Ending	\$ 14,859,843	\$ 4,150,562	\$ 3,167,881	\$ 5,734,164	\$ 27,912,450

The notes to the basic financial statements are an integral part of this statement.

WEST VALLEY CITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2006

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$ (1,192,618)
Governmental funds have reported capital outlays, past and present, as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	(6,868,192)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the Statement of Net Assets.	9,383,256
Government funds report the proceeds from the disposal of capital assets, while the Statement of Activities does not report these proceeds.	(1,939,520)
The Statement of Activities report the gain or loss on the disposal of capital assets, while the governmental funds do not report gains or losses.	1,161,107
Repayment of noncurrent liabilities' principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	39,542,964
In the Statement of Activities interest is accrued on noncurrent liabilities, whereas in governmental funds, an interest expense is reported when due.	324,005
Proceeds from issuance of noncurrent liabilities is recorded as income in the governmental funds. However, the issuance of noncurrent liabilities is recorded as a liability in the Statement of Net Assets.	(34,541,888)
Disbursements and repayments of housing loans are accounted for as revenues and expenditures, respectively, in the government funds, and they are not recorded as revenues or expenses for the Statement of Activities.	(203,643)
The amortization of the discount on investments is accounted for as deferred revenue on the Statement of Net Assets, but is recorded as interest income in the governmental funds.	(1,364,342)
Change in Net Assets - Governmental Activities	<u>\$ 4,301,129</u>

The notes to the basic financial statements are an integral part of this statement.

WEST VALLEY CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For The Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 37,594,854	\$ 36,091,370	\$ 40,303,368	\$ 4,211,998
Licenses and permits	2,878,480	2,878,480	3,183,143	304,663
Intergovernmental	3,697,000	3,697,000	3,757,389	60,389
Fines and forfeitures	3,603,500	3,631,332	3,518,722	(112,610)
Charges for services	1,143,274	1,354,396	1,307,066	(47,330)
Interest	934,392	934,392	1,580,759	646,367
Special assessments	664,323	664,323	477,290	(187,033)
Miscellaneous	155,400	616,762	797,112	180,350
Total Revenues	50,671,223	49,868,055	54,924,849	5,056,794
Expenditures:				
Current:				
General government:				
Legislative	531,278	536,781	528,660	8,121
Administrative	4,610,241	4,936,123	4,782,331	153,792
Legal	2,249,987	2,312,393	2,225,550	86,843
Finance	1,429,948	1,521,208	1,368,605	152,603
Nondepartmental	356,000	356,000	354,251	1,749
Public Safety:				
Police	17,206,749	18,097,028	18,058,374	38,654
Fire	7,484,253	7,913,133	7,512,396	400,737
Highways and public improvements	7,501,481	10,887,683	7,551,698	3,335,985
Parks and recreation	1,366,076	1,417,067	1,317,756	99,311
Community development	2,461,034	2,928,127	2,852,095	76,032
Other nondepartmental	3,442,400	2,787,566	1,552,472	1,235,094
Debt service:				
Principal	1,827,459	2,722,209	3,853,505	(1,131,296)
Interest	1,819,336	2,001,803	1,412,965	588,838
Total Expenditures	52,286,242	58,417,121	53,370,658	5,046,463
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,615,019)	(8,549,066)	1,554,191	10,103,257
Other Financing Sources (Uses):				
Notes payable issued	-	1,553,053	1,956,888	403,835
Bond defeasance	-	8,000,000	-	(8,000,000)
Transfers in	2,909,439	2,124,397	2,347,673	223,276
Transfers out	(7,733,420)	(10,948,657)	(9,563,220)	1,385,437
Sale of capital assets	1,170,000	4,166,100	1,597,914	(2,568,186)
Total Other Financing Sources (Uses)	(3,653,981)	4,894,893	(3,660,745)	(8,555,638)
Net Change in Fund Balances	(5,269,000)	(3,654,173)	(2,106,554)	1,547,619
Fund Balances, Beginning	16,966,397	16,966,397	16,966,397	-
Fund Balances, Ending	\$ 11,697,397	\$ 13,312,224	\$ 14,859,843	\$ 1,547,619

The notes to the basic financial statements are an integral part of this statement.

WEST VALLEY CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – BUILDING AUTHORITY
SPECIAL REVENUE FUND
For The Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Interest	\$ -	\$ -	\$ 4,288,483	\$ 4,288,483
Total Revenues	-	-	4,288,483	4,288,483
Expenditures:				
Redevelopment agency				
Debt service:				
Principal	35,680,000	35,694,242	35,252,950	441,292
Interest	6,735,052	6,720,810	6,559,918	160,892
Capital outlay	280,000	280,000	155,666	124,334
Total Expenditures	42,695,052	42,695,052	41,968,534	726,518
Excess (Deficiency) of Revenues Over (Under) Expenditures	(42,695,052)	(42,695,052)	(37,680,051)	5,015,001
Other Financing Sources (Uses):				
Issuance of bonds (Note 10)	35,999,270	40,000,000	32,585,000	(7,415,000)
Transfers in	6,695,782	6,695,782	6,388,450	(307,332)
Total Other Financing Sources (Uses)	42,695,052	46,695,782	38,973,450	(7,722,332)
Net Change in Fund Balances	-	4,000,730	1,293,399	(2,707,331)
Fund Balances, Beginning	2,857,163	2,857,163	2,857,163	-
Fund Balances, Ending	<u>\$ 2,857,163</u>	<u>\$ 6,857,893</u>	<u>\$ 4,150,562</u>	<u>\$ (2,707,331)</u>

The notes to the basic financial statements are an integral part of this statement.

WEST VALLEY CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – REDEVELOPMENT AGENCY
SPECIAL REVENUE FUND
For The Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 5,999,592	\$ 5,999,592	\$ 4,784,300	\$ (1,215,292)
Interest	100,000	100,000	59,678	(40,322)
Miscellaneous	-	-	3,148	3,148
Total Revenues	<u>6,099,592</u>	<u>6,099,592</u>	<u>4,847,126</u>	<u>(1,252,466)</u>
Expenditures:				
Redevelopment agency	4,562,954	7,577,140	2,103,258	5,473,882
Debt service:				
Principal	150,000	150,000	150,000	-
Interest	998,986	998,996	910,591	88,405
Total Expenditures	<u>5,711,940</u>	<u>8,726,136</u>	<u>3,163,849</u>	<u>5,562,287</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>387,652</u>	<u>(2,626,544)</u>	<u>1,683,277</u>	<u>4,309,821</u>
Other Financing Sources (Uses):				
Land sales	300,000	3,300,000	-	(3,300,000)
Transfers in	-	14,196	14,196	-
Transfers out	(687,652)	(687,652)	(687,652)	-
Total Other Financing Sources (Uses)	<u>(387,652)</u>	<u>2,626,544</u>	<u>(673,456)</u>	<u>(3,300,000)</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>1,009,821</u>	<u>1,009,821</u>
Fund Balances, Beginning	<u>2,158,060</u>	<u>2,158,060</u>	<u>2,158,060</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 2,158,060</u>	<u>\$ 2,158,060</u>	<u>\$ 3,167,881</u>	<u>\$ 1,009,821</u>

The notes to the basic financial statements are an integral part of this statement.

WEST VALLEY CITY
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
June 30, 2006

	Business-Type Activities - Enterprise Funds			Totals
	West Ridge Golf Course	Stonebridge Golf Course	Other Proprietary Funds	
Assets:				
Current Assets:				
Cash and cash equivalents	\$ 11,713	\$ 1,100	\$ 33,923	\$ 46,736
Accounts receivable, net	-	-	1,171,157	1,171,157
Inventory	40,379	70,896	-	111,275
Due from other funds	-	707,820	1,971,954	2,679,774
Total Current Assets	<u>52,092</u>	<u>779,816</u>	<u>3,177,034</u>	<u>4,008,942</u>
Noncurrent Assets:				
Restricted cash and cash equivalents	-	1,188,262	573,757	1,762,019
Capital assets net of accumulated depreciation:				
Land	6,904,868	5,866,212	179,070	12,950,150
Buildings	646,185	1,973,604	626,020	3,245,809
Improvements other than buildings	46,196	775,113	-	821,309
Machinery and equipment	325,654	257,051	1,025,072	1,607,777
Total Noncurrent Assets	<u>7,922,903</u>	<u>10,060,242</u>	<u>2,403,919</u>	<u>20,387,064</u>
Total Assets	<u>\$ 7,974,995</u>	<u>\$ 10,840,058</u>	<u>\$ 5,580,953</u>	<u>\$ 24,396,006</u>
Liabilities:				
Current Liabilities:				
Accounts payable	\$ 49,475	\$ 34,052	\$ 269,046	\$ 352,573
Accrued liabilities	64,577	69,016	71,972	205,565
Accrued interest payable	34,427	258,908	-	293,335
Bonds Payable, net	505,900	204,900	-	710,800
Due to other funds	-	1,298,953	1,380,821	2,679,774
Total Current Liabilities	<u>654,379</u>	<u>1,865,829</u>	<u>1,721,839</u>	<u>4,242,047</u>
Noncurrent Liabilities:				
Bonds Payable, net	1,568,064	10,915,515	-	12,483,579
Capital Lease	-	-	999,763	999,763
Total Noncurrent Liabilities	<u>1,568,064</u>	<u>10,915,515</u>	<u>999,763</u>	<u>13,483,342</u>
Total Liabilities	<u>2,222,443</u>	<u>12,781,344</u>	<u>2,721,602</u>	<u>17,725,389</u>
Net Assets:				
Invested in capital assets, net of related debt	5,848,939	(1,360,707)	830,399	5,318,631
Restricted for				
Housing Authority - expendable	-	-	573,757	573,757
Unrestricted	(96,387)	(580,579)	1,455,195	778,229
Total Net Assets	<u>5,752,552</u>	<u>(1,941,286)</u>	<u>2,859,351</u>	<u>6,670,617</u>
Total Liabilities and Net Assets	<u>\$ 7,974,995</u>	<u>\$ 10,840,058</u>	<u>\$ 5,580,953</u>	<u>\$ 24,396,006</u>

The notes to the basic financial statements are an integral part of this statement.

WEST VALLEY CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET
ASSETS - PROPRIETARY FUNDS
For The Year Ended June 30, 2006

	Business-Type Activities - Enterprise Funds			
	West Ridge Golf Course	Stonebridge Golf Course	Other Proprietary Funds	Totals
Operating Revenues:				
Administration and lesson fees	\$ 447,720	\$ 697,655	\$ -	\$ 1,145,375
Ambulance fees	-	-	1,661,391	1,661,391
Equipment and facility rents	266,130	245,184	58,977	570,291
Concession and merchandise sales	414,509	583,057	-	997,566
Miscellaneous	5,000	-	43,643	48,643
Total Operating Revenues	1,133,359	1,525,896	1,764,011	4,423,266
Operating Expenses:				
Golf course cost of sales	188,364	269,392	-	457,756
Golf course operations	354,122	400,026	-	754,148
Golf course maintenance	454,263	522,035	-	976,298
Golf course general expense	165,947	196,482	-	362,429
General and administrative	-	-	2,072,359	2,072,359
Housing Payments	-	-	2,740,726	2,740,726
Depreciation	152,483	382,268	168,022	702,773
Total Operating Expenses	1,315,179	1,770,203	4,981,107	8,066,489
Operating Income (loss)	(181,820)	(244,307)	(3,217,096)	(3,643,223)
Nonoperating Income (Expense):				
Intergovernmental revenue	-	-	3,225,758	3,225,758
Interest income	-	44,563	25,543	70,106
Interest expense	(85,481)	(584,049)	(40,551)	(710,081)
Gain on sale of capital assets	72,000	271,866	-	343,866
Total Nonoperating Income (Expense)	(13,481)	(267,620)	3,210,750	2,929,649
Income (Loss) Before Transfers	(195,301)	(511,927)	(6,346)	(713,574)
Transfers in	553,234	871,047	10,034	1,434,315
Transfers out	(80,000)	-	(300,000)	(380,000)
Changes in Net Assets	277,933	359,120	(296,312)	340,741
Net Assets, Beginning	5,474,619	(2,300,406)	3,155,663	6,329,876
Net Assets, Ending	\$ 5,752,552	\$ (1,941,286)	\$ 2,859,351	\$ 6,670,617

The notes to the basic financial statements are an integral part of this statement.

WEST VALLEY CITY
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
For The Year Ended June 30, 2006

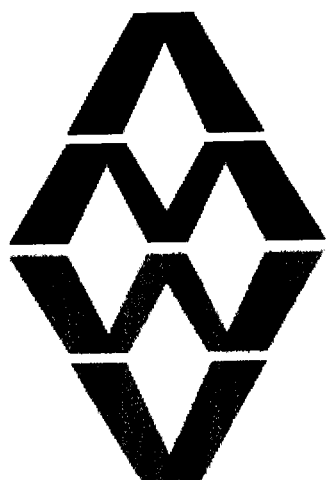
	Business-Type Activities - Enterprise Funds			Totals
	West Ridge Golf Course	Stonebridge Golf Course	Other Proprietary Funds	
Cash Flows From Operating Activities:				
Receipts from customers and users	\$ 1,133,359	\$ 1,525,896	\$ 707,385	\$ 3,366,640
Payments to suppliers	(513,527)	(1,468,603)	(2,907,059)	(4,889,189)
Payments to employees and related benefits	(624,252)	(618,791)	(1,130,301)	(2,373,344)
Net cash from operating activities	(4,420)	(561,498)	(3,329,975)	(3,895,893)
Cash Flows From Capital and Related Financing Activities:				
Purchase of equipment/improvements	(342,571)	(37,770)	-	(380,341)
Principal paid on bonds & capital lease	(427,050)	(191,750)	(132,955)	(751,755)
Interest paid on bonds & capital lease	(79,532)	(568,725)	(60,827)	(709,084)
Proceeds from sales of capital assets	72,000	315,654	-	387,654
Net cash from capital and related financing activities	(777,153)	(482,591)	(193,782)	(1,453,526)
Cash Flows From Non-Capital Financing Activities:				
Subsidy from federal grants	-	-	3,225,758	3,225,758
Net transfers (to) from other funds	473,234	871,047	(289,966)	1,054,315
Net cash from non-capital financing activities	473,234	871,047	2,935,792	4,280,073
Cash Flows From Investing Activity:				
Interest on investments	-	44,563	25,543	70,106
Net cash from investing activity	-	44,563	25,543	70,106
Net Increase (Decrease) In Cash	(308,339)	(128,479)	(562,422)	(999,240)
Cash and Cash Equivalents At Beginning Of Year	320,052	1,317,841	1,170,102	2,807,995
Cash and Cash Equivalents At End Of Year	\$ 11,713	\$ 1,189,362	\$ 607,680	\$ 1,808,755

The notes to the basic financial statements are an integral part of this statement.

WEST VALLEY CITY
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (Continued)
For The Year Ended June 30, 2006

	Business-Type Activities - Enterprise Funds			
	West Ridge Golf Course	Stonebridge Golf Course	Other Proprietary Funds	Totals
Reconciliation of operating income (loss) to net cash flows from operating activities:				
Operating income (loss)	\$ (181,820)	\$ (244,307)	\$ (3,217,096)	\$ (3,643,223)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation expense	152,483	382,268	168,022	702,773
(Increase) Decrease in accounts receivables	-	-	(1,056,625)	(1,056,625)
(Increase) Decrease in inventory	2,116	8,392	-	10,508
(Increase) Decrease in due from other funds	-	(707,820)	(673,001)	(1,380,821)
(Increase) Decrease in prepaids	-	-	11,925	11,925
Increase (Decrease) in accounts payable	15,896	(1,373)	6,943	21,466
Increase (Decrease) in accrued liabilities	6,905	1,342	49,036	57,283
Increase (Decrease) in due to other funds	-	-	1,380,821	1,380,821
Net cash from operating activities	\$ (4,420)	\$ (561,498)	\$ (3,329,975)	\$ (3,895,893)

The notes to the basic financial statements are an integral part of this statement.



WEST VALLEY CITY NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

West Valley City (the City) was incorporated on July 1, 1980 under the provisions of the State of Utah and operates under a mayor-council form of government and provides services as authorized by its charter.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although, the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, and has chosen to do so. The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The more significant accounting policies established in GAAP and used by the City are discussed below.

In June 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (Statement). Beginning with the fiscal year ending June 30, 2003, the City implemented the Statement which made the following significant changes to the City's financial statements (including notes to the financial statements):

- A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the City's activities, including infrastructure (roads, bridges, etc.).
- A change in the fund financial statements to focus on the major funds.

(A) The Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the related GASB 14 pronouncement. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency and accountability. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(A) The Reporting Entity (Continued)

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government's operations.

The West Valley City Housing Authority (HA) was established to account for all monies received under the Section 8 Housing Assistance payments program and all monies received by the City under the Public Housing program. The HA is governed by a board composed of the members of the City Council. Although it is a legally separate entity from the City, the HA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the HA. In conformity with accounting principles generally accepted in the United States of America, the financial statements of the HA have been included in the financial reporting entity as a blended component unit. The HA is included in these financial statements as the Housing Authority Enterprise Fund. Separate financial statements are not issued for the HA.

The West Valley City Redevelopment Agency (RDA) was established to prepare and carry out plans to improve, rehabilitate and redevelop blighted areas within the City. The RDA is governed by a board composed of the members of the City Council. Although it is a legally separate entity from the City, the RDA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the RDA. In conformity with accounting principles generally accepted in the United States of America, the financial statements of the RDA have been included in the financial reporting entity as a blended component unit. The RDA is included in these financial statements as the Redevelopment Agency Special Revenue Fund. Separate financial statements are not issued for the RDA.

The West Valley City Building Authority (BA) was established to finance and construct municipal buildings that are then leased to the City. The BA is governed by a board composed of the members of the City Council. Although it is a legally separate entity from the City, the BA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the BA. In conformity with accounting principles generally accepted in the United States of America, the financial statements of the BA have been included in the financial reporting entity as a blended component unit. The BA is included in these financial statements as the Building Authority Special Revenue Fund. Separate financial statements are not issued for the BA.

(B) Government-Wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's general administrative services, public safety, highways and streets, planning and engineering, parks, community development, impact fees, recreation, theater, the RDA and the BA are classified as governmental activities. The City's golf courses, ambulance service, and the HA are classified as business-type activities.

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(B) Government-Wide and Fund Financial Statements (Continued)

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those which are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(C) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they became available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Sales taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses as appropriate.

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Redevelopment Agency Fund*, a special revenue fund, was established to prepare and carry out plans to improve, rehabilitate and redevelop blighted areas within the City.

The *Building Authority*, a special revenue fund, was established to finance and construct municipal buildings that are then leased to the City.

The City reports the following major proprietary funds:

The *West Ridge Golf Course Fund* and *Stonebridge Golf Course Fund* account for the activities of the City's golf courses.

Additionally, the City reports the following fund types:

The Capital Projects Fund accounts for the financial resources to be used for the acquisition or construction of the major capital facilities of the government (other than those financed by Proprietary funds and Special Revenue funds).

Special revenue funds account for resources legally restricted to expenditures for specified current operating purposes and for the enforcement of special services and activities. Accounting and financial reporting for general and special revenue funds are identical. The City accounts for the Fitness Center Fund, Hale Theater Fund, E Center Fund, Sanitation Fund, Road Impact Fund, Park Impact Fund, Fire Impact Fund, Police Impact Fund, Flood Impact Fund, Storm Water Fund, Cultural Celebration Center Fund and Grants Fund as special revenue funds.

Housing Authority Fund (an enterprise fund) accounts for the monies received under the Section 8 Housing Assistance and the Public Housing program.

Ambulance Fund (an enterprise fund) accounts for the monies received and paid to provide ambulance and emergency services to the citizens of West Valley City.

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the General Fund by various enterprise funds for providing administrative and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(D) Budgetary Data

Annual budgets are prepared and adopted, in accordance with State law, by the City Council on or before June 22 for the following fiscal year, beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in several different funds, including the General Fund, Special Revenue Funds and Enterprise Funds. Annual budgets are also adopted for capital projects which may include activities which overlap several fiscal years. The level of the City's budgetary control (that is, the level at which the City's expenditures cannot legally exceed the appropriated amounts) is established at the department level. Each department head is responsible to the Mayor and City Council for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unreserved General Fund balance until it exceeds 5% of the General Fund revenues. Until the unreserved fund balance is greater than the above amount, it cannot be budgeted, but is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. When an unreserved fund balance is greater than 18% of the next year's budgeted revenues, the excess must be appropriated within the following two years.

Once adopted, the budget can be amended by subsequent City Council action. The City Council can amend the budget to any extent, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance, in which case a public hearing must be held. With the consent of the city manager and finance director, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year.

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(D) Budgetary Data (Continued)

Budgets for the General Fund, Special Revenue Funds and Capital Projects Fund are prepared on the modified accrual basis of accounting. Encumbrance accounting is not used by the City.

Expenditures in the Capital Projects Fund are budgeted annually on a project-by-project basis. Although it is the intention of the City that each project be funded by a specific revenue source, the adopted budget reflects only total anticipated revenues by source. Since it is not practicable or appropriate to separate revenues and fund balance on a project-by-project basis, the Capital Projects Fund is reported as an individual fund in the accompanying financial statements.

(E) Tax Revenues

On or before June 22 of each year, the City sets the property tax rate for various municipal purposes. If the City intends to increase property tax revenues above the tax rate of the previous year, state law requires the City to provide public notice to property owners and hold public hearings. When these special public hearings are necessary, the adoption of the final budget must be done before August 17. All property taxes levied by the City are assessed and collected by Salt Lake County. Taxes are levied as of January 1 and are due November 30; any delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the property, and the amount of taxes and penalties bears interest from January 1 until paid. Tax liens are placed on a property on the January 1 following the due date of unpaid taxes. If after five years, delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the City from the County on a monthly basis.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly.

Franchise taxes are collected by telephone, mobile phone, natural gas, electric utilities, and cable television companies and remitted to the City periodically.

(F) Cash and Cash Equivalents

The City considers all cash and investments with original maturities of three months or less to be cash and cash equivalents. For the purpose of the statement of cash flows, cash and cash equivalents are defined as the cash and cash equivalent accounts and the restricted cash and cash equivalents accounts.

Investments, in the form of accounts at the Utah Public Treasurer's Investment Trust (the State Treasurer's Pool), of the City are stated at cost, which approximates fair value.

(G) Allowance for Doubtful Accounts

The City considers receivables to be fully collectible; no allowance for doubtful accounts is required. Amounts that become uncollectible are written off.

(H) Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

(I) Inventories

Inventories are valued at cost, using the first-in first-out (FIFO) method. The costs of governmental fund-type inventories consist of supplies and are accounted for using the consumption method. Purchases are recorded as assets when purchased, then expended when consumed. The costs of proprietary fund-type inventories consist of merchandise and are also accounted for using the consumption method.

WEST VALLEY CITY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(J) Restricted Assets

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

(K) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of fixed assets is computed using the straight-line method over their estimated useful lives as follows:

<u>Assets</u>	<u>Years</u>
Buildings	10 to 40
Infrastructure	20 to 40
Improvements other than buildings	10 to 40
Machinery and equipment	3 to 10
Vehicles	5 to 10
Office equipment	3 to 5

The City has adopted an allowable alternative to reporting depreciation for its transportation infrastructure network. Under this alternative method, referred to as the "modified approach", the City must maintain an asset management system and demonstrate that its transportation network is being preserved at or above condition levels established by City policy. Infrastructure assets accounted for under the modified approach are not depreciated, and maintenance and preservation costs are expensed.

(L) Land Held for Resale

Land acquired by the Redevelopment Agency and held for resale is accounted for as land held for resale. The cost of the land held for resale is capitalized until the land is sold.

(M) Unearned Revenue

Unearned revenue arises when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the revenue is recognized.

(N) Long-Term Obligations

In the government-wide financial statements and proprietary fund types, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the applicable debt.

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(N) Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(O) Compensated Absences

Accumulated unpaid vacation is accrued as incurred, based on the years of service for each employee. Vacation is accumulated on a biweekly basis and is fully vested when earned. Accumulated vacation cannot exceed 240 hours (312 hours for firefighters) at the end of any calendar year. The City instituted a policy that allows employees to sell a maximum of 40 hours per year. At retirement, death, or termination in good standing, all accrued unpaid vacation is paid. Proprietary funds expense all accrued vacation amounts when incurred. Governmental funds report an expenditure as vacation amounts become current. All of the vacation payable is considered current based on the City's policy to allow employees to receive cash for their vacation hours as explained above.

Each year 104 sick leave hours are given to each employee (156 hours for firefighters). Upon retirement, any unused sick leave hours from the old policy will be paid to the employee. Effective January 1, 1996, sick leave no longer accumulates and at year end, employees are paid for unused sick leave hours at 30% and sick leave hours are charged to expenditures as used. Sick leave hours earned prior to this new policy are considered banked hours and cannot be used until the current 104 sick leave hours are used.

(P) Fund equity

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

(Q) Deficit fund balance / net assets

At June 30, 2006, the following funds had deficit fund balances or net assets deficits: Fitness Center Fund in the amount of \$1,602,730, Hale Center Theatre Fund in the amount of \$62,576, E Center Fund in the amount of \$2,193,067, Cultural Celebration Center Fund in the amount of \$363,464, Stonebridge Golf Course Fund in the amount of \$1,941,286, and Ambulance Fund in the amount of \$410,978.

(R) Budget Versus Actual

During the year the City had excess expenditures over appropriations in the following fund: Road Impact Fee Fund in the amount of \$108,852.

(S) Interfund Transactions

During the course of normal operations, the City has transactions between funds to subsidize operations in certain enterprise funds, to construct assets, to distribute grant proceeds, etc. These transactions are generally reflected as operating transfers, which are transfers from a fund authorized to receive certain revenues to the fund through which the resources are to be expended.

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(T) Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits as well as time deposits. Investments are stated at fair value. Each fund's portion of this pool is displayed on the combined balance sheet as "cash and cash equivalents" which also includes cash accounts that are separately held by several of the City's funds.

Deposits – Utah State law requires that City funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

Investments – The City's investment policies are governed by State statutes. In addition, the City has its own written investment policies. City funds are invested only in the following: (1) Negotiable or nonnegotiable deposits of qualified depositories (see definition of a qualified depository under "Deposits" above.) (2) Repurchase agreements with qualified depositories or certified dealers, acting as principal for securities of the United States Treasury or other authorized investments only if these securities are conducted with a qualified depository. (3) Commercial paper which is rated P-1 by Moody's Investor Services or A-1 by Standard and Poors, Inc., having a remaining terms to maturity of 270 days or less. Commercial paper can be purchased directly from the depository or the City Treasurer's safekeeping bank or trust company. (4) Banker's acceptance that is eligible for discount at a federal reserve bank and which have a remaining term to maturity of 270 days or less. (5) Negotiable certificates of deposit of \$100,000 or more which have a remaining term to maturity of 365 days or less. (6) Obligations of the United States Treasury including United States Treasury Bills, United States Treasury Notes, and United States Treasury Bonds. (7) The Utah State Treasurer's Investment Pool.

The City invests in the Public Treasurer's Investment Fund (PTIF) which is a voluntary external Local Governmental Investment Pool managed by the Utah State Treasurer's Office and is audited by the Utah State Auditor. No separate report as an external investment pool has been issued for the PTIF. The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (Utah Code Title 51, Chapter 7). PTIF invests in high-grade securities which are delivered to the custody of the Utah State Treasurer, assuring a perfected interest in the securities, and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. The maximum weighted average life of the portfolio does not exceed 90 days. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated to participants on the ratio of the participant's share to the total funds in the PTIF based on the participant's average daily balance. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, which are the accounting periods for public entities, the investments are valued at fair value and participants are informed of the fair value valuation factor. Additional information is available at the Utah State Treasures' Office.

WEST VALLEY CITY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 CASH AND INVESTMENTS (Continued)

The City did not enter into any reverse repurchase agreements during the year. Bond deposits are held by an appointed trustee in accordance with the Bond Resolutions. Repurchase agreements are secured by uninsured, unregistered securities held by the counter party but not in the City's name.

Components of cash and investments (including interest earning deposits) at June 30, 2006 are as follows:

	Fair Value	Carrying Amount	Credit Rating (1)	Weighted Average Years to Maturity (2)
Cash on hand and deposit:				
Cash on Hand	\$ 11,050	\$ 11,050	N/A	N/A
Cash on Deposit	2,189,760	2,807,256	N/A	N/A
Total cash on hand and deposit	<u>\$ 2,200,810</u>	<u>\$ 2,818,306</u>		
Investments (3):				
Utah State Treasurer's Investment Pool	\$ 23,512,960	\$ 23,520,496	N/A	NA
Bank Deposits	628,583	628,583	N/A	N/A
Bond Reserves				
Utah State Treasurer's Investment Pool	6,030,757	6,030,757	N/A	N/A
U.S. Treasuries	1,442,002	1,442,002	AAA	N/A
Guaranteed Investment Contract	2,840,830	2,840,830	N/A	N/A
Total investments	<u>\$ 34,455,132</u>	<u>\$ 34,462,668</u>		
Total cash and cash equivalents	<u>\$ 36,655,942</u>	<u>\$ 37,280,974</u>		
Portfolio weighted average maturity				NA

- (1) Ratings are provided where applicable to indicate associated Credit Risk. N/A indicates not applicable.
 (2) Interest Rate Risk is estimated using the weighted average days to maturity.
 (3) All investments listed are considered cash equivalents on the financial statements.

The City's cash and cash equivalents and investments are exposed to certain risks as outlined below:

Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The City manages its exposure by investing in short term investments, or investments are matched with anticipated cash flows. The City's weighted average maturity for investments as of June 30, 2006 was less than one year. The City does not make investments with maturity dates longer than planned expenditures.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City follows the State statutes for investments and only invests in investments that are rated A, AA, or AAA by Standard & Poor's or comparable rating from other investor services, such as Moody's. The City also invests in the Utah Public Treasurer's Investment Fund. As of June 30, 2006, the Utah Public Treasurer's Investment Fund was unrated.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investments are in the Utah State Treasurer's Investment Fund, U.S. Treasuries, qualified institutions, and a guaranteed investment contract which are 73%, 17%, 2%, and 8% respectively of the total as of year end.

WEST VALLEY CITY **NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 2 CASH AND INVESTMENTS (Continued)

Custodial credit risk – deposits is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2006, \$1,989,760 of the City's \$2,189,760 balance of deposits was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments is the risk that in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. As of June 30, 2006, \$628,583 of the City's \$34,455,132 in investments was exposed to custodial credit risk because it was uninsured and uncollateralized.

NOTE 3 LOANS RECEIVABLE

Loans receivable consists of Grants Fund home rehabilitation loans made with Federal grant monies. These loans bear interest at rates ranging from 0% to 12%, depending on the borrower's income level and family size. Certain loans are received in monthly or annual installments; others are due upon the sale or transfer of ownership of the related party. At June 30, 2006, the outstanding balance of the loans is \$669,223. The loans are accounted for in the Grants Fund (Special Revenue Fund). In the fund financial statements, the loans are expensed at inception and revenues are recognized as payments are received by the City. Deferred revenue is recorded to offset the receivables until the payment is received.

NOTE 4 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of "interfund balances" as of June 30, 2006 is as follows:

Due to/from other funds:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Governmental Activities		
General Fund	\$ 5,991,860	\$ -
Redevelopment Agency	4,158,582	4,496,236
Non major government funds	529,546	6,183,752
Business-type Activities		
Stonebridge Golf Course	707,820	1,298,953
Housing Authority	1,971,954	-
Ambulance	-	1,380,821
	<u>\$ 13,359,762</u>	<u>\$ 13,359,762</u>

The due to/from other funds are the result of individual funds' cash flow needs. These accounts at the fund financial statement level have been eliminated at the government-wide financial statement level (Statement of Net Assets).

The City has entered into loan agreements with the Redevelopment Agency whereby the City sold several parcels of land to the Redevelopment Agency in exchange for variable interest rate notes. The interest rate is the current rate paid by the State of Utah cash investment pool, plus 1%. The RDA owes the General fund \$4,496,236 as of June 30, 2006. The rate was 6.01% as of June 30, 2006. During 2006 the Redevelopment Agency paid interest of \$634,392 and repaid principal of \$170,000. The terms of the notes call for repayment of the note by the Redevelopment Agency with tax increment monies generated from land improvements. The repayment of the notes will come solely from the tax increment on the land improvements. In the event that the tax increment received by the Redevelopment Agency is not

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

sufficient to repay the notes, the debt will be forgiven by the City. This interfund receivable/payable has been eliminated on the Statement of Net Assets.

The City has made an agreement with the Building Authority (the BA) to facilitate the costs of constructing the E Center. The BA owes the General Fund \$4,600,000 as of June 30, 2006, under the terms of a note. The BA has committed to pay back all funds to the General Fund over 20 years at 0%, from the proceeds from bond issues and results of operations. For the years ended June 30, 2001, 2002, 2003, 2004, 2005 and 2006 the repayment terms were suspended and there were no payments. This interfund receivable/payable has been eliminated on the Statement of Net Assets.

The transfers among the funds for the year ended June 30, 2006 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities		
General Fund	\$ 2,347,673	\$ 9,563,220
Building Authority	6,388,450	-
Redevelopment Agency	14,196	687,652
Non major governmental funds	6,717,621	6,271,383
Business-type Activities		
West Ridge Golf Course	553,234	80,000
Stonebridge Golf Course	871,047	-
Ambulance	10,034	300,000
	<u>\$ 16,902,255</u>	<u>\$ 16,902,255</u>

NOTE 5 RESTRICTED ASSETS

Certain assets are restricted to use as follows as of June 30, 2006:

Governmental Activities	
Restricted for debt service and repair and replace reserves	\$ 6,283,495
Restricted for seized cash	394,842
Restricted for future development	4,882,814
Restricted for "C" road funds	1,149,289
Restricted for impact fees	2,540,934
Restricted for grant revenue unspent	48,552
Total governmental activities	<u>15,299,926</u>
Business-type Activities	
Restricted for Housing Authority	573,757
Restricted for bond proceeds, debt service and repair and replace reserves	<u>1,188,262</u>
Total business-type activities	<u>1,762,019</u>
Total restricted cash, cash equivalents and investments	<u>\$ 17,061,945</u>

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2006, is as follows:

	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006
Governmental Activities:				
Capital assets, not being depreciated:				
Land and collectibles	\$ 19,311,032	\$ 194,766	\$ (346,200)	\$ 19,159,598
Infrastructure	173,457,259	5,460,079	-	178,917,338
Construction in progress	227,314	28,005	(227,314)	28,005
Total capital assets, not being depreciated	192,995,605	5,682,850	(573,514)	198,104,941
Capital assets, being depreciated:				
Infrastructure	43,905,739	1,491,153	-	45,396,892
Buildings	115,727,031	-	-	115,727,031
Improvements other than buildings	-	448,410	-	448,410
Machinery and equipment	22,240,470	1,658,766	(711,364)	23,187,872
Furniture and fixtures	449,900	102,077	-	551,977
Total capital assets, being depreciated	182,323,140	3,700,406	(711,364)	185,312,182
Less accumulated depreciation for:				
Infrastructure	(12,868,129)	(952,167)	-	(13,820,296)
Buildings	(19,410,894)	(2,972,113)	-	(22,383,007)
Improvements other than buildings	-	(23,935)	-	(23,935)
Machinery and equipment	(15,395,322)	(2,876,553)	676,465	(17,595,410)
Furniture and fixtures	(388,373)	(43,424)	-	(431,797)
Total accumulated depreciation	(48,062,718)	(6,868,192)	676,465	(54,254,445)
Total capital assets being depreciated, net	134,260,422	(3,167,786)	(34,899)	131,057,737
Governmental Activities capital assets, net	\$ 327,256,027	\$ 2,515,064	\$ (608,413)	\$ 329,162,678

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 240,424
Public safety	1,158,783
Highways and public improvements	1,569,081
Parks and recreation	3,838,497
Community development	61,407
Total depreciation expense - governmental activities	\$ 6,868,192

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 CAPITAL ASSETS (Continued)

The Business-type Activities property, plant and equipment consist of the following at June 30, 2006:

	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 12,993,938	\$ -	\$ (43,788)	\$ 12,950,150
Total capital assets, not being depreciated	12,993,938	-	(43,788)	12,950,150
Capital assets, being depreciated:				
Buildings	4,514,806	-	-	4,514,806
Improvements other than buildings	1,541,168	-	-	1,541,168
Machinery and equipment	3,576,480	380,341	(166,522)	3,790,299
Furniture and fixtures	14,014	-	-	14,014
Total capital assets, being depreciated	9,646,468	380,341	(166,522)	9,860,287
Less accumulated depreciation for:				
Buildings	(1,138,092)	(130,905)	-	(1,268,997)
Improvements other than buildings	(631,485)	(88,374)	-	(719,859)
Machinery and equipment	(1,865,550)	(483,494)	166,522	(2,182,522)
Furniture and fixtures	(14,014)	-	-	(14,014)
Total accumulated depreciation	(3,649,141)	(702,773)	166,522	(4,185,392)
Total capital assets being depreciated, net	5,997,327	(322,432)	-	5,674,895
Business-type Activities capital assets, net	<u>\$ 18,991,265</u>	<u>\$ (322,432)</u>	<u>\$ (43,788)</u>	<u>\$ 18,625,045</u>

Depreciation expense was charged to functions/programs as follows:

Business-type Activities	
Golf courses	\$ 534,751
Housing authority	49,540
Ambulance	118,482
Total depreciation expense - business-type activities	<u>\$ 702,773</u>

NOTE 7 LAND HELD FOR RESALE

Land acquired by the Redevelopment Agency of West Valley City (a Special Revenue fund) and held for resale is accounted for as land held for resale. The cost of land held for resale is capitalized until the land is sold. Land transferred from infrastructure assets of the City is recorded at approximate fair value for accountability purposes. If the Redevelopment Agency sells land at an amount greater than or less than the carrying amount, a gain/loss is recorded. In the governmental fund financial statements, the resulting gain/loss is accounted for as an other financing source/use, and recognized when measurable and available.

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 DEVELOPER AND CUSTOMER DEPOSITS

Developer and customer deposits are principally deposits from developers that are held by the City until building projects receive the required City inspections and are in compliance with all City ordinances.

NOTE 9 UNEARNED PROPERTY TAXES

In conjunction with GASB pronouncement 33, "*Accounting and Financial Reporting for Nonexchange Transactions*" the City has accrued property tax receivable and a unearned property tax receivable in the General Fund and Redevelopment Agency in the amounts of \$18,043,000 and \$5,500,000, respectively.

Property taxes recorded in the governmental funds are recorded using the modified accrual basis of accounting, wherein revenues are recognized when they are both measurable and available (expected to be received within 60 days). Property taxes attach as an enforceable lien on property as of the first day of January. Taxes are levied on October 1, and then are due and payable at November 30. Since the property tax levied on October 1, 2006 was not expected to be received within 60 days after the year ended June 30, 2006, the City was required to record a receivable and unearned revenue of the estimated amount of the total property tax to be levied on October 1, 2006.

NOTE 10 LONG-TERM ACCRUED LIABILITIES

The City has incurred liabilities in the normal course of business related to various lawsuits. These liabilities have been booked, as the underlying lawsuits are settled. The portion of these liabilities which are scheduled to be paid after the next calendar year have been recorded as noncurrent accrued liabilities on the statement of net assets.

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2006:

	June 30, 2005	Additions	Retirements	June 30, 2006	Due Within One Year
Governmental Activities:					
Bonds payable					
Revenue bonds	\$ 137,391,564	\$ -	\$ (37,696,200)	\$ 99,695,364	\$ 6,292,619
Special improvement district bonds	-	1,956,888	-	1,956,888	160,500
Plus: unamortized premiums	151,470	-	(10,832)	140,638	-
Less: debt issuance costs	(254,950)	-	29,264	(225,686)	-
Total bonds payable	137,288,084	1,956,888	(37,677,768)	101,567,204	6,453,119
Notes payable and capital leases					
Notes payable	4,505,088	-	(1,548,088)	2,957,000	125,000
Capital leases	1,024,816	-	(486,122)	538,694	178,991
Total notes payable and capital leases	5,529,904	-	(2,034,210)	3,495,694	303,991
Other liabilities					
Compensated absences	1,348,816	151,780	(132,766)	1,367,830	105,429
Total other liabilities	1,348,816	151,780	(132,766)	1,367,830	105,429
Total Governmental activities long-term liabilities	144,166,804	2,108,668	(39,844,744)	106,430,728	6,862,539
Business-type Activities:					
Bonds payable					
Revenue bonds	14,140,912	-	(618,800)	13,522,112	710,800
Plus: unamortized premiums	12,034	-	(2,406)	9,628	-
Less: debt issuance costs	(340,604)	-	30,701	(309,903)	-
Less: unamortized discounts	(29,289)	-	1,831	(27,458)	-
Total bonds payable	13,783,053	-	(588,674)	13,194,379	710,800
Capital leases	1,132,718	-	(132,955)	999,763	-
Total Business-type activities long-term liabilities	14,915,771	-	(721,629)	14,194,142	710,800
Total Liabilities	\$ 159,082,575	\$ 2,108,668	\$ (40,566,373)	\$ 120,624,870	\$ 7,573,339

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 LONG-TERM DEBT (Continued)

Governmental Activities:

Revenue Bonds

Building Authority Tax Exempt Lease Bonds Series 1997, original issue of \$11,375,000, principal due in annual installments beginning January 1999, interest at 4.15% to 5.125% due in semi-annual installments beginning July 1998, with the final payment due January 2018. The bonds were issued to pay for three projects, the Hale Theatre, build and renovate a fire station and purchase pumper trucks for the fire department. Debt payments will be funded by lease payments from the Hale Theatre and transfers from the General Fund. \$ 7,395,000

Utah Local Road Improvement Program Excise Tax Revenue Bonds Series 1998, original issue of \$8,635,000, principal and interest due in quarterly installments beginning December 1998 with interest at 4.7%, with the final payment due June 2008. The bonds were issued for construction cost for improvements to roads in the City. Debt payments will be funded by revenue from excise taxes. 2,348,000

Building Authority Lease Revenue Bonds Series 1998A, original issue of \$22,740,000, principal due in annual installments beginning April 2000, interest at 3.7% to 4.75% due in semi-annual installments beginning April 1999, with the final payment due April 2019. The bonds were issued to refund the Building Authority Lease Revenue Bonds Series 1995 and to issue new debt to fund construction of the Fitness Center. Debt service payments will be funded by revenue from the Building Authority Fund. 15,120,000

Special Obligation Taxable Crossover Refunding Lease Revenue Bonds Series 2000, original issue of \$32,585,000, average interest rate of 8.24%, using a blended rate of 7.67% Bond coupon rate and 8.8% B-coupon rate. The bonds were issued to purchase a corporate bond that earns interest at a rate higher than the rate of the 2000 Special Obligation Bonds, generating positive interest earnings and cash flow at maturity. At origination, the bonds were recorded as deferred revenue on the Governmental Funds balance sheet and as long-term debt on the Statement of Net Assets. During the current year, the proceeds from these bonds were recognized as Other Financing Sources (Refunding bonds issued) in the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds. The bonds were paid off during the year. -

Building Authority Lease Revenue Bonds Series 2001, original issue of \$5,270,000, principal due in annual installments beginning January 2003, interest at 4.0% to 5.25% due in semi-annual installments beginning January 2002, with the final payment due January 2021. The bonds were issued to fund the building of a new fire station and public works building. Debt service payments will be made from the Building Authority Fund. 4,410,000

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 LONG-TERM DEBT (Continued)

Sales Tax Revenue Bonds Series 2001A, original issue of \$18,310,000, principal due in annual installments beginning July 2003, interest at 3.5% to 5.5% due in semi-annual installments beginning January 2002, with the final payment due July 2021. The bonds were issued for the purchase and renovation of a Public Safety Building and the purchase of Stone Bridge Golf Course. Approximately 34.95% and 65.05% of the debt service payments will be made from the General Fund sales tax and Golf Course revenues, respectively. The balance shown is 34.95% of the total outstanding balance as of June 30, 2006 which is attributable to the governmental activities.

\$ 6,127,000

Building Authority Lease Revenue Refunding Bonds Series 2002A, original issue of \$35,810,000, principal due in annual installments beginning August 2003, interest at 2.0% to 5.5% due in semi-annual installments beginning February 2003, with the final payment due on August 2027. The bonds were issued to refund the Building Authority Taxable Lease Revenue Bonds Series 1996A which have been paid off during the year. Debt payments will be funded by proceeds from the E Center's operations and transfers from the General Fund.

34,980,000

Sales tax Revenue Tax Exempt Bonds Series 2002A, original issue of \$15,370,000, principal due in annual installments beginning July 2004, interest at 3.0% to 5.5% due in semi-annual installments beginning January 2003, with the final payment due July 2020. The bonds were issued to finance the costs of acquisition, construction, equipping and improvements of an arts and cultural heritage complex; and to finance equipment purchases and related improvements at the E Center. Debt service payments will be made from the General Fund sales tax revenues.

14,840,000

Sales Tax Revenue Capital Appreciation Bonds Series 2002B, original issue of \$891,476, principal and interest due in annual installments beginning July 2007, interest at 3.6% to 3.8%, with the final payment due July 2008. The bonds were issued to finance the costs of acquisition, construction, equipping and improvement of an arts and cultural heritage complex; and to finance equipment purchases and related improvements at the E Center. Debt service payments will be made from the General Fund sales tax revenues.

891,476

Sales Tax Revenue Taxable Bonds Series 2002C, original issue of \$2,465,000, principal due in annual installments beginning July 2003, interest at 5.9% to 6.45% due in semi-annual installments beginning January 2003, with the final payment due July 2017. The bonds were issued to finance the costs of acquisition, construction, equipping and improvement of an arts and cultural heritage complex; and to finance equipment purchases and related improvements at the E Center. Debt service payments will be made from the General Fund sales tax revenues.

2,145,000

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 LONG-TERM DEBT (Continued)

Lease Revenue Refunding Bonds Series 2003, original issue of \$8,615,000, principal due in annual installments beginning January 2004, interest at 2.0% to 3.5% due in semi-annual installments beginning July 2003, with the final payment due January 2010. The bonds were issued to refund the Lease Revenue Refunding Bonds Series 1993. Approximately 60.9% and 39.1% of the debt service payments will be paid from the Building Authority and West Ridge Golf Course, respectively. The balance shown is 60.9% of the total outstanding balance as of June 30, 2006 which is attributable to the governmental activities.

\$ 3,300,888

Subordinate Lien Sales Tax Revenue and Refunding Bonds Series 2003A, original issue of \$817,000, principal and interest due in annual installments beginning October 2003, interest at 2.4%, with the final payment due October 2005. The bonds were issued to refund and retire the Special Improvement District Bonds 94-1 Series 1996, 95-1 Series 1998 and 95-2 Series 1998. Debt service payments are financed by assessments to affected property owners within the Improvement District. The annual assessments to the property owners is equal to the annual debt service payments due to the bond holders. The bond was paid off during the year.

Subordinate Lien Sales Tax Revenue and Refunding Bonds Series 2003B, original issue of \$568,000, principal and interest due in annual installments beginning June 2004, interest at 2.65%, with final payment due June 2008. The bonds were issued to refund and retire the Special Improvement District Bonds 94-1 Series 1996, 95-1 Series 1998 and 95-2 Series 1998. Debt service payments are financed by assessments to affected property owners within the Improvement District. The annual assessments to the property owners is equal to the annual debt service payments due to the bond holders.

260,000

Subordinate Lien Sales Tax Revenue and Refunding Bonds Series 2003C, original issue of \$3,062,000, principal due in annual installments beginning June 2004, interest at 2.98% due in semi-annual installments beginning December 2003, with the final payment due June 2008. The bonds were issued to refund and retire the Special Improvement District Bonds 94-1 Series 1996, 95-1 Series 1998 and 95-2 Series 1998. Debt service payments are financed by assessments to affected property owners within the Improvement District. The annual assessments to the property owners is equal to the annual debt service payments due to the bond holders.

1,693,000

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 LONG-TERM DEBT (Continued)

Redevelopment Agency Tax Increment Revenue Refunding Bonds Series 2005, original issue of \$6,185,000, principal due in annual installments beginning March 2010, interest at 4.0 - 5.0% due in semi-annual installments beginning September 2005, with the final payment due March 2024. The bonds were issued to refund part of the Redevelopment Agency Tax Increment Bonds Series 1997A which have a defeased balance of \$5,865,000 as of June 30, 2006. The bonds were issued to pay for financing the cost of land and infrastructure improvements, including curb and gutter, paving and landscaping in respect to construction of the E Center. Debt service payments will be funded by tax increment funds generated within the project area.

\$ 6,185,000

Total Revenue Bonds - Governmental Activities

\$ 99,695,364

Special Improvement District Bonds

Special Assessment Bonds, Series 2005, Special Improvement District 2004-1, original issue of \$1,956,888, principal and interest due in annual installments beginning November 2006, interest at 4.27 - 5.23% with the final payment due November 2015. The bonds were issued to pay for improvements made to 5600 West. Debt service payments are financed by assessments to affected property owners within the Improvement District. the annual assessment to the property owners is equal to the annual debt service payments due to the bond holders.

\$ 1,956,888

Total Special Improvement District Bonds - Governmental Activities

\$ 1,956,888

Notes Payable

Housing and Urban Development (HUD) Section 108 Note, original note of \$3,297,000, principal due in annual installments beginning August 2003, interest at 5.1% to 6.07% due in semi-annual installments beginning February 2003, with the final payment due August 2021. Trust certificates guaranteed by the Secretary of Housing and Urban Development were sold in a public offering, and these certificates were backed by this and other notes. The notes were used for the exclusive use of cleaning up the Harvey Street project. Debt service payments will be paid by revenues from future draws from the HUD CDBG grant funds.

\$ 2,957,000

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 LONG-TERM DEBT (Continued)

Warrants issued for SID, original note consisted of a series of draws totaling \$1,429,088. The warrants bear interest rates at 1.5% to 2.41% and matured on September 15, 2005. The notes were used for construction related to the Special Improvement District #2004-1 at 5600 West. During the year the project was completed the warrants were combined and rolled into the Special Assessment Bonds, Series 2005.

Total Notes Payable - Governmental Activities

\$ 2,957,000

Capital Leases

2004 Equipment Lease, original amount of \$285,548, lease payments due in semi-annual installments of \$49,948 including interest at 3.2% beginning July 2004, with the final payment due January 2007. The principal and interest payments are made from the General Fund revenues. The lease was used to refinance a fire truck and police radio equipment leases.

\$ 97,549

2004 Equipment Lease, original amount of \$539,569, lease payments due in semi-annual installments of \$79,094 including interest at 3.8% beginning January 2005, with the final payment due January 2012. The January 2005 payment is \$53,753, and the January 2008 payment is for \$104,750. The principal and interest payments are made from the General Fund revenues. The lease was used to refinance a fire truck lease.

441,145

2004 Equipment Lease, original amount of \$659,532, lease payments due in semi-annual installments of \$341,188 including interest at 2.9% beginning January 2005, with the final payment due January 2006. The principal and interest payments are made from the General Fund and from the Storm Drain Fund revenues at 37% and 63% respectively. The lease was used to refinance an emergency service radio equipment and fund storm drain utility equipment lease. The lease was paid off during the year.

Total Capital Leases - Governmental Activities

\$ 538,694

Compensated absences

The total of accumulated unpaid compensated absences in governmental funds.

\$ 1,367,830

The current portion of the compensated absences is calculated to be \$105,429 as of June 30, 2006.

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 LONG-TERM DEBT (Continued)

Business-type Activities

Revenue Bonds

Sales Tax Revenue Bonds Series 2001A, original issue of \$18,310,000, principal due in annual installments beginning July 2003, interest at 3.5% to 5.5% due in semi-annual installments beginning January 2002, with the final payment due July 2021. The bonds were issued for the purchase and renovation of a Public Safety Building and the purchase of Stonebridge Golf Course. Approximately 34.95% and 65.05% of the debt service payments will be made from the General Fund sales tax and Golf Course revenues, respectively. The balance shown is 65.05% of the total outstanding balance as of June 30, 2006 which is attributable to the business-type activities.

\$ 11,403,000

Lease Revenue Refunding Bonds Series 2003, original issue \$8,615,000, principal due in annual installments beginning January 2004, interest at 2.0% to 3.5% due in semi-annual installments beginning July 2003, with the final payment due January 2010. The bonds were issued to refund and defease the Lease Revenue Refunding Bonds Series 1993. Approximately 60.9% and 39.1% of the debt service payments will be paid from the Building Authority and West Ridge Golf Course, respectively. The balance shown is 39.1% of the total outstanding balance as of June 30, 2006 which is attributable to the business-type activities.

2,119,112

Total Revenue Bonds - Business-type Activities

\$ 13,522,112

Capital Leases

2005 Equipment lease, original amount of \$1,132,718, lease payments due in semi-annual installments of \$153,231 including interest at 3.58% beginning December 2005, with the final payment due December 2009. The principal and interest payments are made from the Ambulance Fund revenues. The lease was used to purchase ambulances.

\$ 999,763

Total Capital Leases - Business-type Activities

\$ 999,763

WEST VALLEY CITY
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 11 LONG-TERM DEBT (Continued)

The annual debt service requirements to maturity, including principal and interest for the long-term debt, as of June 30, 2006, are as follows:

Year Ending June 30,	Governmental Activities Revenue Bonds	
	Principal	Interest
2007	\$ 6,292,619	\$ 5,121,011
2008	6,789,957	4,551,490
2009	3,964,400	4,218,399
2010	5,255,988	4,039,467
2011	4,785,000	3,819,261
2012-2016	27,592,700	15,445,133
2017-2021	27,241,400	8,006,732
2022-2026	12,763,300	3,070,019
2027-2031	5,010,000	279,125
	99,695,364	\$ 48,550,637
Plus: unamortized premium	140,638	
Less: debt issuance costs	(225,686)	
Total	\$ 99,610,316	

Year Ending June 30,	Governmental Activities Special Improvement District Bonds	
	Principal	Interest
2007	\$ 160,500	\$ 86,375
2008	167,353	79,521
2009	174,499	86,375
2010	181,950	64,924
2011	189,719	57,155
2012-2016	1,082,867	151,505
2017-2021		
2022-2026		
2027-2031		
	\$ 1,956,888	\$ 525,855

WEST VALLEY CITY
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 11 LONG-TERM DEBT (Continued)

Year Ending June 30,	Governmental Activities Notes payable	
	Principal	Interest
2007	\$ 125,000	\$ 154,174
2008	131,000	149,528
2009	138,000	144,169
2010	145,000	138,087
2011	152,000	131,326
2012-2016	883,000	499,614
2017-2021	1,127,000	282,119
2022-2026	256,000	7,769
	<u>\$ 2,957,000</u>	<u>\$ 1,506,786</u>

The future minimum lease payments to be paid by the City for capital leases are as follows:

Year Ending June 30,	Governmental Activities Total
2007	\$ 178,991
2008	104,750
2009	79,093
2010	79,093
2011	79,093
2012-2016	79,095
Total minimum lease payments	600,115
Less: amount representing interest	(61,421)
Present value of net minimum lease payments	<u>\$ 538,694</u>

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Equipment	\$ 1,104,407
Less: accumulated depreciation	(594,636)
Total	<u>\$ 509,771</u>

WEST VALLEY CITY
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 11 LONG-TERM DEBT (Continued)

Year Ending June 30,	Business-type Activities Revenue Bonds	
	Principal	Interest
2007	\$ 710,800	\$ 630,187
2008	749,200	606,361
2009	785,362	580,842
2010	829,950	550,985
2011	650,500	509,504
2012-2016	3,610,300	2,061,678
2017-2021	4,992,600	968,911
2022-2026	1,193,400	29,845
	13,522,112	\$ 5,938,313
Plus: unamortized premium	9,628	
Less: debt issuance costs	(309,903)	
Less: unamortized discount	(27,458)	
Total	\$ 13,194,379	

The future minimum lease payments to be paid by the City for capital leases are as follows:

Year Ending June 30,	Business-type Activities Total
2007	\$ -
2008	306,462
2009	306,460
2010	306,461
2011	153,232
2012-2016	-
Total minimum lease payments	1,072,615
Less: amount representing interest	(72,852)
Present value of net minimum lease payments	\$ 999,763

The assets acquired through capital leases are as follows:

Asset:	Business-Type Activities
Machinery and equipment (ambulances)	\$ 1,134,818
Less: accumulated depreciation	(118,482)
Total	\$ 1,016,336

WEST VALLEY CITY
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 12 RISK MANAGEMENT

The City is exposed to various risks of loss including third party claims, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Settled claims have not exceeded the City's insurance coverage for any of the past four years.

General liability coverage is provided by the Utah Risk Management Mutual Association (URMMA), a risk mutual association to which the City belongs, along with 25 others cities in Utah. The State of Utah Insurance Department regulates URMMA to ensure sound actuarial standards are used. Payment of an annual insurance premium indemnifies the City for claims that exceed a per occurrence deductible. The policy provides \$10 million of liability coverage per occurrence after a deductible of \$15,000. In the event URMMA becomes insolvent, the City is fully responsible for all claims.

Real property is either self-insured or insured through commercial policies. Some vehicles are self-insured (generally those valued at less than \$50,000) while those valued over \$50,000 are typically insured commercially. Where possible and appropriate, in contractual transactions with other persons or entities, responsibility for damages is transferred to the other party or person(s) that perform work for the City. Coverage for asbestos liability is limited to an annual aggregate of \$10,000.

The City operates a self-insured workers' compensation program. Each injury is funded by the City to the extent of \$400,000. The City purchases reinsurance to cover any claims that exceed \$400,000. The reinsurance has a limit of \$1,000,000. The City is responsible for any amounts that exceed \$1,000,000 per occurrence. Pinnacle Risk Management Services is the designated third party administrator for the City's workers' compensation program.

The West Valley City administration and City Council are ultimately responsible for setting reserves and adjusting the reserve throughout the life of the claims. The City uses prior loss history and actuary studies as the basis for computing the accrual. The City at this time has no annuities. Workers' compensation claims liability is recorded in the General Fund in accrued liabilities. In management's opinion, the accrued workers' compensation claim liability is adequate to cover the reported claims as well as the incurred but not reported claims for which the City is responsible. The following table shows a history of the last two years of workers' compensation claim liability for the years ended June 30, 2006 and 2005.

	2006	2005	Increase (Decrease)
Workers Compensation claim, liability, beginning year	\$ 934,054	\$ 915,674	\$ 18,380
Claims, including incurred but not reported	692,112	447,709	244,403
Payments on claims	(680,031)	(429,329)	(250,702)
Workers Compensation claim, liability, end of year	<u>\$ 946,135</u>	<u>\$ 934,054</u>	<u>\$ 12,081</u>

The obligation of URMMA to pay damages on behalf of the City or covered individuals applies only to damages in excess of the member "deductions" and group "self-insured retentions" outlined in the Coverage Profile. The members' "deductibles" and the group's "self-insured retentions" also include attorney's fees and all other costs incurred in defending a claim.

WEST VALLEY CITY
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 12 RISK MANAGEMENT (Continued)

Each member may adjust, settle, and pay or deny all "property damage" claims which are less than one hundred percent (100%) of that member's deductible and which do not include bodily injury, personal injuries, or alleged violation of civil rights.

NOTE 13 RETIREMENT PLAN

Cost Sharing Defined Benefits Pension Plans

Plan description: The City contributes to the Local Governmental Contributory Retirement System, the Local Governmental Noncontributory Retirement System, the Public Safety Contributory Retirement System, the Public Safety Noncontributory Retirement System, the Firefighters Retirement System, cost-sharing multiple-employer defined benefit pension plans. These plans are administered by the Utah Retirement Systems (the Systems). The Systems provide retirement benefits, annual cost of living adjustments, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated, 1953, as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (the Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, the Local Governmental Noncontributory Retirement System, and the Firefighters Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding policy: Plan members in the Local Governmental Contributory Retirement System are required to contribute 6% of their annual covered salary (all of which is paid by the City), and the City is required to contribute 7.080% of their annual covered salary. In the Local Governmental Noncontributory Retirement System, the City is required to contribute 11.09% of members' annual covered salary. In the Public Safety Contributory Retirement System, contributory members are required to contribute 10.50% of annual salary (all or part may be paid by the employer for the employee) and the City is required to contribute 12.47% of annual salary and 22.32% of annual covered salary for members in the noncontributory status. In the Firefighters Retirement System, members do not contribute, and the City is required to contribute 7.83% of the members' annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The City's contributions to the Local Governmental Contributory Retirement System for the years ended June 30, 2006, 2005, and 2004, were \$152,844, \$139,391, and \$128,036, respectively; for the Noncontributory Retirement System, the contributions for the years ended June 30, 2006, 2005, and 2004, were \$1,302,724, \$1,154,839, and \$959,881, respectively; for the Public Safety Contributory Retirement System, the contributions for the years ended June 30, 2006, 2005 and 2004 were \$312,529, \$286,671, and \$240,855, respectively; for the Public Safety Noncontributory Retirement system, the contributions for the years ended June 30, 2006, 2005 and 2004 were \$1,661,467, \$1,491,936, and \$1,261,551, respectively; and for the Firefighters Retirement System, the contributions for the years ended June 30, 2006, 2005, and 2004, were \$390,150, \$313,435, and \$306,573, respectively. The contributions were equal to the required contributions for each year.

WEST VALLEY CITY
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 14 DEFINED CONTRIBUTION AND DEFERRED COMPENSATION PLANS

401(a) Defined Contribution Plans

The City sponsors a defined contribution plan under Internal Revenue Code 401(a) for City employees covered by the State's contributory and noncontributory retirement plans. International City Managers Association (ICMA) administers this plan. The City's total payrolls for the fiscal years ended June 30, 2006, 2005 and 2004 were \$29,474,166, \$27,350,225 and \$27,434,684, respectively. Of those amounts, \$28,054,307, \$25,943,361 and \$25,623,074 were eligible to participate in this plan for the years ended June 30, 2006, 2005, and 2004, respectively. The City participates at rates between 6.00% and 22.32%. The rate of City participation can be changed by the City Council.

During the years ended June 30, 2006, 2005, and 2004, contributions totaling \$2,150,555, \$2,033,956 and \$2,149,417, respectively were made to this plan by the City. The contributions by the City to the 401(a) plan were 7.30%, 7.44% and 7.83%, respectively of total covered payroll. The 401(a) defined contribution monies are not available to the City or its general creditors. Therefore, no assets or liabilities of the 401(a) defined contribution plan are reflected in the financial statements.

457 Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participating. The City's total payrolls for the fiscal years ended June 30, 2006, 2005, and 2004 were \$29,474,166, \$27,350,225 and \$27,434,684, respectively. Of those amounts, \$28,054,307, \$25,943,361 and \$25,623,074 were eligible to participate in this plan for the years ended June 30, 2006, 2005, and 2004, respectively. Voluntary contributions made by employees totaled \$847,628, or 2.88% of total payroll expense in 2006, \$746,165, or 2.73% of total payroll expenses in 2005, and \$733,592, or 2.67% of total payroll expenses in 2004. All contributions were made by the due dates.

In fiscal year 1997, the City adopted Governmental Accounting Standards Board Statement 32 (GASB No.32), *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. As a result of the modifications to the plan documents to conform to the new provisions of the Internal Revenue Code, all of the assets and income of the 457 Plan are held in trust for the exclusive benefit of the participants or their beneficiaries rather than the assets of the employer. Therefore, the assets are no longer assets of the City and are not included in the City's financial statements.

WEST VALLEY CITY
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 15 COMMITMENTS AND CONTINGENCIES

The City had approximately \$310,000 of outstanding construction commitments at June 30, 2006. The City also agreed to pay part of the cost of an environmental impact study as part of a multi-year interlocal agreement with the Utah Transit Authority (UTA) to bring a UTA Trax Light-rail mass transit line to the City. The City's commitment for fiscal year 2007 is \$300,000.

The City is a defendant in various claims and suits arising from the ordinary course of business. A provision for loss related to litigation of \$636,753 was recorded in the accompanying financial statements. Management believes that any liability resulting from these matters is adequately covered by this provision.

In June 2002 the City restructured the management agreement between the City and WVE, Inc., to operate the E Center. WVE, Inc. is a subsidiary of Centennial Management Group and is responsible for the daily operations, maintenance, bookings, and events that take place at the E Center. The City is responsible for management and operation of the E Center parking facilities.

The City pays to WVE, Inc., or its parent company, Centennial Management Group, an annual management fee of \$160,000. This annual fixed fee will increase by \$5,000 on July 1 of each year through 2007. The annual fixed fee will increase by \$7,500 each year for the next five year period beginning on July 1, 2008; then, beginning on July 1, 2013, the annual fixed fee will increase by \$10,000 each year for the remainder of the agreement. The term of the agreement ends in June 2017.

In addition to the annual fixed fee, if certain performance objectives are reached, the City may pay an additional annual incentive fee payment equal to not more than 5% of the annual fixed fee. These management fees paid to WVE, Inc., and/or Centennial Management Group are their only compensation for managing the E Center. All E Center revenues are collected by the City (other than those retained by the concessionaire and the hockey club pursuant to their respective contracts). All E Center expenses (including WVE, Inc. personnel expenses) are paid by the City.

The City entered into a contract with USANA Amphitheater (the Amphitheater) to provide management services. The City then contracted with WVE, Inc. to provide the management services for the Amphitheater. The City pays to WVE, Inc., or its parent company, Centennial Management Group, an annual management fee of \$55,125 to provide management services to the Amphitheater and the Utah Cultural Celebration Center (the Center). Each year, beginning on July 1, 2004, the annual fixed fee is increased by the total percentage increase in the "West A" consumer Price Index, but not less than 2% or more than 5% of the annual payment due for the immediately preceding 12 month period. The fee was increased by 5.0% for fiscal year 2006. The term of the agreement ends in June 2017.

In addition to the annual fixed fee, any net income from the markup on the use of part-time labor used at the Center or the Amphitheater will be shared equally by the City and WVE, Inc. and/or Centennial Management Group. All revenues from the operation of the Center are the City's. All the Center's expenses (including WVE, Inc. personnel expenses) are paid by the City.

WEST VALLEY CITY
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 16 INTERGOVERNMENTAL REVENUE

Intergovernmental revenue for the year ended June 30, 2006 consists of the following:

	General Fund	Other Governmental Funds	Business-type Funds
Federal Government:			
CDBG Grant	\$	\$ 803,135	\$
Homeland Security		54,214	
Weapons of Mass Destruction		306,141	
Law Enforcement Block Grant - Police		84,579	
VAWA Grant		39,448	
Violence Against Women Federal Arrest Grant		22,671	
Domestic Violence VOCA		80,577	
Weed & Seed		216,235	
HUD - Vouchers			3,015,650
FEMA Fire Department Grant		107,200	
Project Safe Neighborhood		262,517	
Education Grant		68,826	
Miscellaneous grants		2,577	
Emergency Management Grant		64,357	
National Endowment for the Arts		10,000	
State of Utah:			
Class "C" road fund allotment	3,507,819		
Salt Lake County Arts Tax		286,343	
Salt Lake Homes Revenue			210,108
Liquor allotment	94,403		
TRBA - Salt Lake County		15,707	
Salt Lake County Flyover	155,167		
Salt Lake County Grant		157,072	
Granite School District		25,346	
	<u>\$ 3,757,389</u>	<u>\$ 2,606,945</u>	<u>\$ 3,225,758</u>

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the City's independent auditors and other governmental auditors. Any disallowed claims resulting from such an audit could become a liability of the General Fund or other applicable fund. Based on prior experience, the City administration believes such disallowance, if any, would be immaterial.

WEST VALLEY CITY
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 17 REDEVELOPMENT AGENCY OF THE WEST VALLEY CITY

For the year ended June 30, 2006, the following activity occurred in the City's Redevelopment Agency:

Tax increment collected from other taxing agencies	\$ 4,784,300
Amounts expended for:	
Tax increment paid to other taxing agencies	1,386,176
Administrative costs	717,083
Debt service costs	1,060,591
	<hr/>
Total amounts expended by RDA	\$ 3,163,850
	<hr/>

NOTE 18 CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issue. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2006, there are three series of Industrial Revenue Bonds outstanding, with an aggregate original issue principal amount payable of \$10,215,000 composed of the following issues:

Company	Maturity	Balance At June 30, 2006
GFI, Ltd. II K-MART - 1983	December 2007	\$ 365,000
GFI, Ltd. II K-MART - 1984	December 2010	1,395,000
Sterling Medical - 1986	April 2007	578,122
		<hr/>
		\$ 2,338,122
		<hr/>

WEST VALLEY CITY
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 19 INTERLOCAL AGREEMENT

The City is one of 11 founding members of the Utah Telecommunications Open Infrastructure Network (UTOPIA), an interlocal cooperative agreement organized under the laws of the State of Utah. UTOPIA was created to design, finance, build, operate, and maintain an open, wholesale, public and Telecommunication infrastructure that delivers high-speed connections to every home and business in the member communities. UTOPIA is jointly owned by the members. No equity investment has been recorded by the City since, as of June 30, 2006, UTOPIA had a net assets deficit of approximately \$18,000,000. UTOPIA began providing limited services during the prior year, but it is still in a start-up phase.

The City is a pledging member who has pledged sales and use tax revenues to partially guarantee payment of UTOPIA's bonds. In return for the pledge, the City will be among the first cities to receive UTOPIA's services. In July 2004 UTOPIA issued an \$85,000,000 revenue bond. The first four years of bond payments will be made from a debt reserve fund. From that point on, until the bonds are due in July 2026, net revenues from UTOPIA will reimburse the debt service for payments on the bond debt. To the extent that there are insufficient net revenues to pay the debt service, the 11 pledged members are required to reimburse the UTOPIA debt service fund of any shortfall by their respective percentages up to a specific dollar amount. The City's percentage of the Debt Service Reserve shortfall is 35.32% with a yearly liability limit set at a maximum of \$561,400. Any bonds or debt issued or incurred by UTOPIA will not constitute debt of the City.

On July 1, 2007, the City will be required to deposit \$2,806,999 into the UTOPIA Series 2004 Bond Debt Service Reserve Fund. These funds will remain on deposit until the sooner of the bonds being retired or 20 years from July 1, 2007. To the extent that the initial projects operate profitably, UTOPIA has plans on issuing a total of \$340,000,000 in bonds. As of June 30, 2006 the full amount of the required deposit had been transferred to the City's Capital Projects Fund and is available for deposit as required by its agreement with UTOPIA.

NOTE 20 SPECIAL ITEM

The City entered into a rental agreement on the E-Center. When the renter was unable to make all the require payments, they offered operating equipment and leasehold improvements in exchange for full payment of their debts. The City accepted the transaction. Since the transaction is recorded in a governmental fund, which cannot hold fixed assets, the receivable must be expensed. The City has recorded this as a Special Item which is a significant transaction or other event within the control of management that are either unusual in nature or infrequent in occurrence. Because the City's accepted the assets in exchange for payment the transaction is clearly within the control of management. Since this type of transaction has never occurred before in the City's history, it is considered to be unusual in nature.

NOTE 21 PRIOR PERIOD ADJUSTMENT

As allowed by GASB 34, the City is allowed to record the infrastructure assets over a period of years. During the year the City added \$36,503,353, net of accumulated depreciation of \$10,660,217, to infrastructure assets for storm drains. This was added to the beginning balance of net assets.

NOTE 22 SUBSEQUENT EVENTS

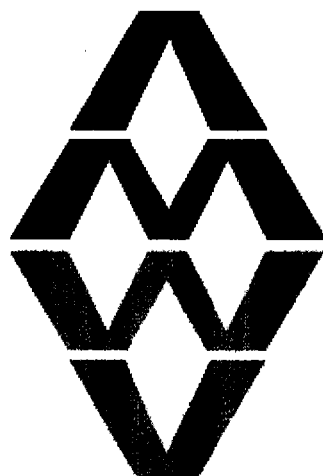
In July 2006 the City signed a Contract with Costco, the owners of Valley Fair Mall, and Granite School District. The mall owners agreed to purchase Granger Elementary School from the school district and resell the property to Costco. To facilitate the agreement the City agreed to provide, through its Redevelopment Agency, a site for a new elementary school from existing City property currently part of

WEST VALLEY CITY
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

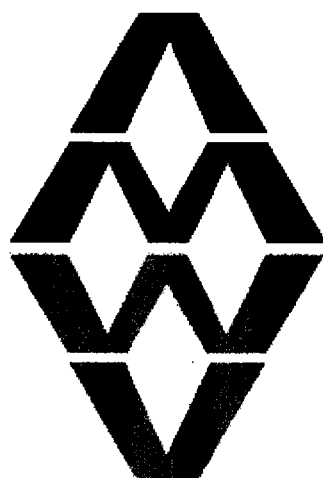
NOTE 22 SUBSEQUENT EVENTS (Continued)

Glenn Weaver Park and to provide approximately \$2.5 million to help fund construction and equipping of the new school. Costco will purchase the property from the mall owners, raze the existing structures and build a large new Costco wholesale outlet store. The owners of Valley Fair Mall agreed to donate several hundred thousand dollars to the City to help fund its expenditures.

In accordance with State of Utah Truth in Taxation laws, after public notice and hearings, the City in August passed a property tax increase of approximately 65% effective for fiscal year 2007.



REQUIRED SUPPLEMENTAL INFORMATION



WEST VALLEY CITY
INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE
MODIFIED APPROACH
For The Year Ended June 30, 2006

As allowed by GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, the City has adopted an allowable alternative to reporting depreciation for three of eight infrastructure subsystems in the Transportation Network. Under this alternative method, referred to as the “modified approach”, the City must maintain an asset management system and demonstrate that its subsystems are being preserved at or above condition levels established by City policy. Infrastructure assets accounted for under the modified approach are not depreciated, and maintenance and preservation costs are expensed. The City capitalizes costs related to new construction, major replacements, and improvements that increase the capacity and/or efficiency of infrastructure assets reported under the modified approach.

In order to utilize the modified approach, the City is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform and document replicable condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the City.
- Document that the infrastructure assets are being preserved approximately at, or above the condition level established by the City.

The City applies the modified approach to the three major subsystems considered to be owned by the City: Major Streets, Minor Streets and Sidewalks. The goal of the City in conjunction with adopting the modified approach is to develop and provide a cost effective pavement maintenance and rehabilitation program that preserves the City’s investment in its subsystems and enhances public transportation and safety.

Major Streets

The condition of the major streets pavement is measured using the Local Transportation Assistance Program. This system uses a measurement scale that considers the condition of the roads using nine condition factors and then assigns the road a Remaining Service Life, (RSL), ranging from 0 to 21. The RSL is the remaining life of the road in years, if no additional upkeep, replacement, or maintenance is performed. The RSL is used to classify roads into categories as follows:

Category	RSL Rating Range	Description
Excellent	19 - 21 yrs	New or nearly new pavement which provides a very smooth ride and is mainly free of distress. (No maintenance work needed.)
Very Good	13 - 18 yrs	Pavement which provides an adequate ride, and exhibits few, if any, visible signs of distress. (Minor maintenance may be needed.)
Good	10 - 12 yrs	Pavement which provides an adequate ride, and exhibits few signs of distress. (Moderate maintenance may be needed.)
Fair	7 - 9 yrs	Surface defects in this category such as alligator cracking, potholes, rutting, and raveling are affecting the ride of the user. (Major maintenance is likely needed.)
Poor	1 - 6 yrs	These roads have deteriorated to such an extent that they are in need of resurfacing, and the ride is noticeably rough. (Structural improvements, in addition to major maintenance, is likely needed.)
Failed	0 yrs	Pavement in this category is severely deteriorated, and the ride quality is unacceptable. (Complete road reconstruction is likely needed.)

WEST VALLEY CITY
INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE
MODIFIED APPROACH (Continued)
For The Year Ended June 30, 2006

Major Streets (Continued)

It was the City's policy to maintain at least 80% of all major streets (by mileage) at or above the "fair to excellent" condition level. In 2006, the City changed the policy to correlate with management software to maintain an average RSL of 10 years, with no more than 3% at end of service life. The City performs a complete condition assessment on each major street every three years. A condition assessment on the major streets was performed in fiscal year 2005 and the next condition assessment is scheduled to be done during the spring of 2008, which will apply the average RSL standard.

Condition Rating of the City's Major Streets
(Percentage of Miles)

<u>Category</u>	<u>2005</u>	<u>2002</u>
Excellent	1%	0%
Very Good	20%	39%
Good	46%	23%
Fair	29%	24%
Poor	4%	12%
Fail	0%	2%

**Comparison of Needed-to-actual
Maintenance/Preservation**

<u>Major Streets</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Estimated	\$ 612,000	\$ 612,000	\$ 700,000	\$ 1,500,000
Actual	495,437	482,849	708,838	1,143,580

This schedule only presents the information for four years. GASB standards require reporting the last three complete condition assessments and needed - to - actual information for five years. However, the City implemented these new standards in 2003 and did not collect this information for the prior years. The City will continue to collect and retain this information so that over a period of five years, it will be able to report the required information.

Minor Streets

The condition of the minor streets pavement is measured using the Local Transportation Assistance Program in which pavement management data has been entered into a database linked to each minor street. A condition assessment was conducted by Utah LTAP Center in the spring of 2006.

WEST VALLEY CITY
INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE
MODIFIED APPROACH (Continued)
For The Year Ended June 30, 2006

Minor Streets (Continued)

Category	RSL Rating Range	Description
Excellent	19 - 21 yrs	New or nearly new pavement which provides a very smooth ride and is mainly free of distress. (No maintenance work needed.)
Very Good	13 - 18 yrs	Pavement which provides an adequate ride, and exhibits few, if any, visible signs of distress. (Minor maintenance may be needed.)
Good	10 - 12 yrs	Pavement which provides an adequate ride, and exhibits few signs of distress. (Moderate maintenance may be needed.)
Fair	7 - 9 yrs	Surface defects in this category such as alligator cracking, potholes, rutting, and raveling are affecting the ride of the user. (Major maintenance is likely needed.)
Poor	1 - 6 yrs	These roads have deteriorated to such an extent that they are in need of resurfacing, and the ride is noticeably rough. (Structural improvements, in addition to major maintenance, is likely needed.)
Failed	0 yrs	Pavement in this category is severely deteriorated, and the ride quality is unacceptable. (Complete road reconstruction is likely needed.)

It was the City's policy to maintain at least 80% of all minor streets (by mileage) at or above the "fair to excellent" condition level. In 2006, the City changed the policy to correlate with management software to maintain an average RSL of 8 years.

Condition Rating of the City's Minor Streets
(Percentage of Miles)

<u>Category</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Excellent	15%	17%	17%
Good	53%	50%	40%
Fair	31%	33%	42%
Poor/Failed	1%	0%	1%

**Comparison of Needed-to-actual
Maintenance/Preservation**

<u>Minor Streets</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Estimated	\$ 690,000	\$ 900,000	\$ 700,000	\$ 900,000
Actual	563,365	565,702	752,372	691,214

This schedule only presents the information for four years. GASB standards require reporting the last three complete condition assessments and needed - to - actual information for five years. However, the City implemented these new standards in 2003 and did not collect this information for the prior years. The City will continue to collect and retain this information so that over a period of five years, it will be able to report the required information.

WEST VALLEY CITY
INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE
MODIFIED APPROACH (Continued)
For The Year Ended June 30, 2006

Sidewalks

The condition of the sidewalks is measured using the Geodatabase System in which pavement management data has been entered into a database linked to each minor street. The following table details the measurement scale the City uses in assessing the condition rating for sidewalks.

Category	Description
Excellent/ Good	No defects in the sidewalk.
Fair	Light spalling, less than 1" displacement in the sidewalk.
Poor	Light spalling, 1 - 2" displacement in the sidewalk.
Failed	Heavy spalling, more than 2" displacement in the sidewalk.

It is the City's policy to maintain a minimum of 95% of sidewalks by length) are at the "good or excellent" condition level. The City performs a complete condition assessment on each sidewalk every three years. A complete assessment was performed in the Spring of 2006.

Condition Rating of the City's Sidewalks

<u>Category</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Excellent/Good	96%	97%	96%
Fair	2%	1%	2%
Poor	1%	1%	1%
Fail	1%	1%	1%

**Comparison of Needed-to-actual
Maintenance/Preservation**

<u>Sidewalks</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Estimated	\$ 60,000	\$ 90,000	\$ 64,000	\$ 63,000
Actual	50,862	53,211	55,937	47,013

This schedule only presents the information for the last four years. GASB standards require reporting the last three complete condition assessments and needed - to - actual information for five years. However, the City implemented these new standards in 2003 and did not collect this information for the prior years. The City will continue to collect and retain this information so that over a period of five years, it will be able to report the required information.

SUPPLEMENTAL INFORMATION

WEST VALLEY CITY
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
June 30, 2006

	Special Revenue Funds				
	Fitness Center	Hale Theatre	E Center	Sanitation	Road Impact Fee
ASSETS					
Cash and cash equivalents	\$ 2,900	\$ -	\$ 214,004	\$ 1,257,441	\$ -
Receivables:					
Accounts, net	7,021	140,397	848,367	290,236	-
Prepays	-	-	14,658	-	-
Security deposits	-	-	3,550	-	-
Restricted assets:					
Cash and cash equivalents	-	-	-	-	742,968
Total Assets	\$ 9,921	\$ 140,397	\$ 1,080,579	\$ 1,547,677	\$ 742,968
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 56,174	\$ -	\$ -	\$ 237,890	\$ 271,222
Accrued liabilities	114,842	-	1,542,678	8,462	-
Due to other funds	1,441,635	202,973	1,730,968	-	-
Total Liabilities	1,612,651	202,973	3,273,646	246,352	271,222
Fund Balances:					
Reserved for:					
Future development	-	-	-	-	471,746
Unreserved, reported in:					
Special revenue funds	(1,602,730)	(62,576)	(2,193,067)	1,301,325	-
Total Fund Balances	(1,602,730)	(62,576)	(2,193,067)	1,301,325	471,746
Total Liabilities and Fund Balances	\$ 9,921	\$ 140,397	\$ 1,080,579	\$ 1,547,677	\$ 742,968

WEST VALLEY CITY
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
(Continued)
June 30, 2006

	Special Revenue Funds				
	Park Impact Fee	Fire Impact Fee	Police Impact Fee	Flood Impact Fee	Stormwater Drainage
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 897,425
Receivables:					
Accounts, net	-	-	-	-	243,913
Restricted assets:					
Cash and cash equivalents	844,972	247,612	365,194	340,187	-
Total Assets	\$ 844,972	\$ 247,612	\$ 365,194	\$ 340,187	\$ 1,141,338
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 273,789
Liabilities payable from restricted assets	119,294	-	-	-	-
Total Liabilities	119,294	-	-	-	273,789
Fund Balances:					
Reserved for:					
Future development	725,678	247,612	365,194	340,187	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	867,549
Total Fund Balances	725,678	247,612	365,194	340,187	867,549
Total Liabilities and Fund Balances	\$ 844,972	\$ 247,612	\$ 365,194	\$ 340,187	\$ 1,141,338

WEST VALLEY CITY
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
(Continued)
June 30, 2006

	Special Revenue Funds			Capital Projects	Total Nonmajor Governmental Funds
	Cultural Celebration Center	Grants	Total		
ASSETS					
Cash and cash equivalents	\$ 108,729	\$ 750,887	\$ 3,231,386	\$ 1,894,968	\$ 5,126,354
Receivables:					
Accounts, net	5,400	-	1,535,334	-	1,535,334
Intergovernmental	-	566,677	566,677	-	566,677
Loan receivables	-	669,223	669,223	-	669,223
Prepays	-	-	14,658	-	14,658
Due from other funds	-	-	-	529,546	529,546
Inventory	44	-	44	-	44
Security deposits	-	-	3,550	-	3,550
Restricted assets:					
Cash and cash equivalents	-	48,552	2,589,485	4,485,662	7,075,147
Total Assets	\$ 114,173	\$ 2,035,339	\$ 8,610,357	\$ 6,910,176	\$ 15,520,533
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 565,286	\$ -	\$ 565,286
Accrued liabilities	12,032	70,583	2,022,386	-	2,022,386
Developer and customer deposits	113,444	19,545	132,989	-	132,989
Due to other funds	352,161	1,188,770	4,916,507	1,267,245	6,183,752
Deferred revenue	-	743,462	743,462	19,200	762,662
Liabilities payable from restricted assets	-	-	119,294	-	119,294
Total Liabilities	477,637	2,022,360	8,499,924	1,286,445	9,786,369
Fund Balances:					
Reserved for:					
Future development	-	-	2,150,417	1,782,134	3,932,551
Unreserved, reported in:					
Special revenue funds	(363,464)	12,979	(2,039,984)	-	(2,039,984)
Capital projects funds	-	-	-	3,841,597	3,841,597
Total Fund Balances	(363,464)	12,979	110,433	5,623,731	5,734,164
Total Liabilities and Fund Balances	\$ 114,173	\$ 2,035,339	\$ 8,610,357	\$ 6,910,176	\$ 15,520,533

WEST VALLEY CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2006

	Special Revenue Funds				
	Fitness Center	Hale Theatre	E Center	Sanitation	Road Impact Fee
Revenues:					
Annual passes and activity fees	\$ 1,660,153	\$ -	\$ -	\$ -	\$ -
Fees	-	-	-	3,451,126	462,350
Intergovernmental	-	286,343	-	-	-
Sales & hotel tax	-	-	235,012	-	-
Rental income	-	389,793	3,013,352	-	-
Interest	-	-	6,498	-	4,391
Miscellaneous	24,098	-	-	-	-
Total Revenues	1,684,251	676,136	3,254,862	3,451,126	466,741
Expenditures:					
Current:					
Highways and public improvements	-	-	-	3,142,718	458,852
Parks and recreation	2,317,554	-	2,826,931	-	-
Debt service:					
Principal	-	18,254	131,789	-	-
Interest	-	1,150	8,303	-	-
Total Expenditures	2,317,554	19,404	2,967,023	3,142,718	458,852
Excess (Deficiency) of Revenues Over (Under) Expenditures	(633,303)	656,732	287,839	308,408	7,889
Other Financing Sources (Uses):					
Transfers in	1,996,705	82,467	2,019,854	3,378	-
Transfers out	(1,611,716)	(725,792)	(2,832,875)	(369,500)	-
Special item - receivable satisfied by receipt of fixed assets	-	-	(902,408)	-	-
Total Other Financing Sources (Uses)	384,989	(643,325)	(1,715,429)	(366,122)	-
Net Change in Fund Balances	(248,314)	13,407	(1,427,590)	(57,714)	7,889
Fund Balances, Beginning	(1,354,416)	(75,983)	(765,477)	1,359,039	463,857
Fund Balances, Ending	\$ (1,602,730)	\$ (62,576)	\$ (2,193,067)	\$ 1,301,325	\$ 471,746

WEST VALLEY CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (Continued)
For The Year Ended June 30, 2006

	Special Revenue Funds				
	Park Impact Fee	Fire Impact Fee	Police Impact Fee	Flood Impact Fee	Stormwater Drainage
Revenues:					
Fees	\$ 412,312	\$ 74,881	\$ 49,839	\$ 290,612	\$ 3,160,440
Interest	364	1,713	286	1,327	15,485
Total Revenues	412,676	76,594	50,125	291,939	3,175,925
Expenditures:					
Current:					
Highways and public improvements	-	-	-	131,686	2,850,836
Parks and recreation	856,382	-	-	-	-
Debt service:					
Principal	-	-	-	-	204,912
Interest	-	-	-	-	5,942
Total Expenditures	856,382	-	-	131,686	3,061,690
Excess (Deficiency) of Revenues Over (Under) Expenditures	(443,706)	76,594	50,125	160,253	114,235
Other Financing Sources (Uses):					
Transfers out	-	(36,500)	(30,000)	-	(320,000)
Total Other Financing Sources (Uses)	-	(36,500)	(30,000)	-	(320,000)
Net Change in Fund Balances	(443,706)	40,094	20,125	160,253	(205,765)
Fund Balances, Beginning	1,169,384	207,518	345,069	179,934	1,073,314
Fund Balances, Ending	\$ 725,678	\$ 247,612	\$ 365,194	\$ 340,187	\$ 867,549

WEST VALLEY CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (Continued)
For The Year Ended June 30, 2006

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Cultural Celebration Center	Grants	Total	Capital Projects	
Revenues:					
Annual passes and activity fees	\$ -	\$ -	\$ 1,660,153	\$ -	\$ 1,660,153
Fees	-	-	7,901,560	-	7,901,560
Intergovernmental	-	2,320,602	2,606,945	-	2,606,945
Sales & hotel tax	-	-	235,012	-	235,012
Rental income	174,847	-	3,577,992	-	3,577,992
Interest	-	874	30,938	39,181	70,119
Miscellaneous	47,555	-	71,653	65,576	137,229
Total Revenues	222,402	2,321,476	16,084,253	104,757	16,189,010
Expenditures:					
Current:					
General government	-	113,312	113,312	-	113,312
Public safety	-	1,084,953	1,084,953	-	1,084,953
Highways and public improvements	-	-	6,584,092	-	6,584,092
Parks and recreation	882,314	-	6,883,181	-	6,883,181
Community development	-	845,230	845,230	-	845,230
Debt service:					
Principal	-	119,000	473,955	-	473,955
Interest	-	158,109	173,504	-	173,504
Capital outlay	-	-	-	1,135,503	1,135,503
Total Expenditures	882,314	2,320,604	16,158,227	1,135,503	17,293,730
Excess (Deficiency) of Revenues Over (Under) Expenditures	(659,912)	872	(73,974)	(1,030,746)	(1,104,720)
Other Financing Sources (Uses):					
Sale of capital assets	-	-	-	171,606	171,606
Transfers in	712,599	-	4,815,003	1,902,618	6,717,621
Transfers out	-	-	(5,926,383)	(345,000)	(6,271,383)
Special item - receivable satisfied by receipt of fixed assets	-	-	(902,408)	-	(902,408)
Total Other Financing Sources (Uses)	712,599	-	(2,013,788)	1,729,224	(284,564)
Net Change in Fund Balances	52,687	872	(2,087,762)	698,478	(1,389,284)
Fund Balances, Beginning	(416,151)	12,107	2,198,195	4,925,253	7,123,448
Fund Balances, Ending	\$ (363,464)	\$ 12,979	\$ 110,433	\$ 5,623,731	\$ 5,734,164

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2006

	Fitness Center - Special Revenue Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Annual passes and activity fees	\$ 1,870,500	\$ 1,885,500	\$ 1,660,153	\$ (225,347)
Miscellaneous	45,000	46,100	24,098	(22,002)
Total Revenues	1,915,500	1,931,600	1,684,251	(247,349)
Expenditures:				
Current:				
Parks and recreation	2,389,881	2,327,818	2,317,554	10,264
Capital outlay	45,000	-	-	-
Total Expenditures	2,434,881	2,327,818	2,317,554	10,264
Excess (Deficiency) of Revenues Over (Under) Expenditures	(519,381)	(396,218)	(633,303)	(237,085)
Other Financing Sources (Uses):				
Transfers in	2,131,097	1,996,704	1,996,705	1
Transfers out	(1,611,716)	(1,611,716)	(1,611,716)	-
Total Other Financing Sources (Uses)	519,381	384,988	384,989	1
Net Change in Fund Balances	-	(11,230)	(248,314)	(237,084)
Fund Balances, Beginning	(1,354,416)	(1,354,416)	(1,354,416)	-
Fund Balances, Ending	\$ (1,354,416)	\$ (1,365,646)	\$ (1,602,730)	\$ (237,084)

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
(Continued)

For The Year Ended June 30, 2006

	Hale Theatre - Special Revenue Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 286,344	\$ 286,344	\$ 286,343	\$ (1)
Rental income	399,573	399,573	389,793	(9,780)
Total Revenues	685,917	685,917	676,136	(9,781)
Expenditures:				
Current:				
Parks and recreation	19,188	19,188	-	19,188
Debt service:				
Principal	22,254	22,254	18,254	4,000
Interest	1,150	1,150	1,150	-
Total Expenditures	42,592	42,592	19,404	23,188
Excess (Deficiency) of Revenues Over (Under) Expenditures	643,325	643,325	656,732	13,407
Other Financing Sources (Uses):				
Transfers in	82,467	82,467	82,467	-
Transfers out	(725,792)	(725,792)	(725,792)	-
Total Other Financing Sources (Uses)	(643,325)	(643,325)	(643,325)	-
Net Change in Fund Balances	-	-	13,407	13,407
Fund Balances, Beginning	(75,983)	(75,983)	(75,983)	-
Fund Balances, Ending	\$ (75,983)	\$ (75,983)	\$ (62,576)	\$ 13,407

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
(Continued)

For The Year Ended June 30, 2006

	E Center - Special Revenue Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Sales & hotel tax	\$ 185,000	\$ 185,000	\$ 235,012	\$ 50,012
Rental income	3,712,165	3,712,165	3,013,352	(698,813)
Interest	-	-	6,498	6,498
Total Revenues	3,897,165	3,897,165	3,254,862	(642,303)
Expenditures:				
Current:				
Parks and recreation	2,995,010	2,942,052	2,826,931	115,121
Debt service:				
Principal	118,631	118,631	131,789	(13,158)
Interest	23,461	23,461	8,303	15,158
Total Expenditures	3,137,102	3,084,144	2,967,023	117,121
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	760,063	813,021	287,839	(525,182)
Other Financing Sources (Uses):				
Transfers in	2,019,854	2,019,854	2,019,854	-
Transfers out	(2,779,917)	(2,832,875)	(2,832,875)	-
Special item - receivable satisfied by receipt of fixed assets	-	-	(902,408)	(902,408)
Total Other Financing Sources				
(Uses)	(760,063)	(813,021)	(1,715,429)	(902,408)
Net Change in Fund Balances	-	-	(1,427,590)	(1,427,590)
Fund Balances, Beginning	(765,477)	(765,477)	(765,477)	-
Fund Balances, Ending	\$ (765,477)	\$ (765,477)	\$ (2,193,067)	\$ (1,427,590)

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
(Continued)

For The Year Ended June 30, 2006

	Sanitation - Special Revenue Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Fees	\$ 3,429,031	\$ 3,429,031	\$ 3,451,126	\$ 22,095
Total Revenues	<u>3,429,031</u>	<u>3,429,031</u>	<u>3,451,126</u>	<u>22,095</u>
Expenditures:				
Current:				
Capital Outlays	30,000	31,908	-	31,908
Highways and public improvements	<u>3,392,531</u>	<u>3,453,682</u>	<u>3,142,718</u>	<u>310,964</u>
Total Expenditures	<u>3,422,531</u>	<u>3,485,590</u>	<u>3,142,718</u>	<u>342,872</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,500</u>	<u>(56,559)</u>	<u>308,408</u>	<u>364,967</u>
Other Financing Sources (Uses):				
Transfers in	-	3,378	3,378	-
Transfers out	<u>(6,500)</u>	<u>(6,500)</u>	<u>(369,500)</u>	<u>(363,000)</u>
Total Other Financing Sources (Uses)	<u>(6,500)</u>	<u>(3,122)</u>	<u>(366,122)</u>	<u>(363,000)</u>
Net Change in Fund Balances	-	(59,681)	(57,714)	1,967
Fund Balances, Beginning	<u>1,359,039</u>	<u>1,359,039</u>	<u>1,359,039</u>	-
Fund Balances, Ending	<u>\$ 1,359,039</u>	<u>\$ 1,299,358</u>	<u>\$ 1,301,325</u>	<u>\$ 1,967</u>

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
(Continued)

For The Year Ended June 30, 2006

	Road Impact - Special Revenue Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Fees	\$ 350,000	\$ 350,000	\$ 462,350	\$ 112,350
Interest	-	-	4,391	4,391
Total Revenues	350,000	350,000	466,741	116,741
Expenditures:				
Current:				
Highways and public improvements	350,000	350,000	458,852	(108,852)
Total Expenditures	350,000	350,000	458,852	(108,852)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	7,889	7,889
Net Change in Fund Balances	-	-	7,889	7,889
Fund Balances, Beginning	463,857	463,857	463,857	-
Fund Balances, Ending	\$ 463,857	\$ 463,857	\$ 471,746	\$ 7,889

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
(Continued)

For The Year Ended June 30, 2006

Park Impact Fee - Special Revenue Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Fees	\$ 340,000	\$ 1,340,000	\$ 412,312	\$ (927,688)
Interest	-	-	364	364
Total Revenues	<u>340,000</u>	<u>1,340,000</u>	<u>412,676</u>	<u>(927,324)</u>
Expenditures:				
Current:				
Parks and recreation	<u>340,000</u>	<u>1,401,678</u>	<u>856,382</u>	<u>545,296</u>
Total Expenditures	<u>340,000</u>	<u>1,401,678</u>	<u>856,382</u>	<u>545,296</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(61,678)</u>	<u>(443,706)</u>	<u>(382,028)</u>
Net Change in Fund Balances	<u>-</u>	<u>(61,678)</u>	<u>(443,706)</u>	<u>(382,028)</u>
Fund Balances, Beginning	<u>1,169,384</u>	<u>1,169,384</u>	<u>1,169,384</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 1,169,384</u>	<u>\$ 1,107,706</u>	<u>\$ 725,678</u>	<u>\$ (382,028)</u>

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
(Continued)

For The Year Ended June 30, 2006

Fire Impact Fee - Special Revenue Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Fees	\$ 36,500	\$ 36,500	\$ 74,881	\$ 38,381
Interest	-	-	1,713	1,713
Total Revenues	<u>36,500</u>	<u>36,500</u>	<u>76,594</u>	<u>40,094</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>36,500</u>	<u>36,500</u>	<u>76,594</u>	<u>40,094</u>
Other Financing Sources (Uses):				
Transfers out	<u>(36,500)</u>	<u>(36,500)</u>	<u>(36,500)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(36,500)</u>	<u>(36,500)</u>	<u>(36,500)</u>	<u>-</u>
Net Change in Fund Balances	-	-	40,094	40,094
Fund Balances, Beginning	<u>207,518</u>	<u>207,518</u>	<u>207,518</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 207,518</u>	<u>\$ 207,518</u>	<u>\$ 247,612</u>	<u>\$ 40,094</u>

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
(Continued)

For The Year Ended June 30, 2006

Police Impact - Special Revenue Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Fees	\$ 31,300	\$ 31,300	\$ 49,839	\$ 18,539
Interest	-	-	286	286
Total Revenues	<u>31,300</u>	<u>31,300</u>	<u>50,125</u>	<u>18,825</u>
Expenditures:				
Current:				
Public safety	1,300	1,300	-	1,300
Total Expenditures	<u>1,300</u>	<u>1,300</u>	<u>-</u>	<u>1,300</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>30,000</u>	<u>30,000</u>	<u>50,125</u>	<u>20,125</u>
Other Financing Sources (Uses):				
Transfers out	(30,000)	(30,000)	(30,000)	-
Total Other Financing Sources (Uses)	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>20,125</u>	<u>20,125</u>
Fund Balances, Beginning	<u>345,069</u>	<u>345,069</u>	<u>345,069</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 345,069</u>	<u>\$ 345,069</u>	<u>\$ 365,194</u>	<u>\$ 20,125</u>

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
(Continued)

For The Year Ended June 30, 2006

Flood Impact - Special Revenue Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Fees	\$ 250,000	\$ 250,000	\$ 290,612	\$ 40,612
Interest	-	-	1,327	1,327
Total Revenues	<u>250,000</u>	<u>250,000</u>	<u>291,939</u>	<u>41,939</u>
Expenditures:				
Current:				
Highways and public improvements	<u>250,000</u>	<u>250,000</u>	<u>131,686</u>	<u>118,314</u>
Total Expenditures	<u>250,000</u>	<u>250,000</u>	<u>131,686</u>	<u>118,314</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>160,253</u>	<u>160,253</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>160,253</u>	<u>160,253</u>
Fund Balances, Beginning	<u>179,934</u>	<u>179,934</u>	<u>179,934</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 179,934</u>	<u>\$ 179,934</u>	<u>\$ 340,187</u>	<u>\$ 160,253</u>

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
(Continued)

For The Year Ended June 30, 2006

	Stormwater Drainage - Special Revenue Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Fees	\$ 3,008,000	\$ 3,029,000	\$ 3,160,440	\$ 131,440
Interest	-	-	15,485	15,485
Total Revenues	3,008,000	3,029,000	3,175,925	146,925
Expenditures:				
Current:				
Highways and public improvements	2,489,853	4,036,969	2,850,836	1,186,133
Debt service:				
Principal	208,404	208,404	204,912	3,492
Interest	9,743	9,743	5,942	3,801
Capital outlay	300,000	-	-	-
Total Expenditures	3,008,000	4,255,116	3,061,690	1,193,426
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(1,226,116)	114,235	1,340,351
Other Financing Sources (Uses):				
Transfers out	-	-	(320,000)	(320,000)
Total Other Financing Sources (Uses)	-	-	(320,000)	(320,000)
Net Change in Fund Balances	-	(1,226,116)	(205,765)	1,020,351
Fund Balances, Beginning	1,073,314	1,073,314	1,073,314	-
Fund Balances, Ending	\$ 1,073,314	\$ (152,802)	\$ 867,549	\$ 1,020,351

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
(Continued)

For The Year Ended June 30, 2006

Cultural Celebration Center - Special Revenue Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Rental income	\$ 179,616	\$ 255,562	\$ 174,847	\$ (80,715)
Miscellaneous	-	-	47,555	47,555
Total Revenues	179,616	255,562	222,402	(33,160)
Expenditures:				
Current:				
Parks and recreation	829,616	929,884	882,314	47,570
Total Expenditures	829,616	929,884	882,314	47,570
Excess (Deficiency) of Revenues Over (Under) Expenditures	(650,000)	(674,322)	(659,912)	14,410
Other Financing Sources (Uses):				
Transfers in	650,000	674,322	712,599	38,277
Total Other Financing Sources (Uses)	650,000	674,322	712,599	38,277
Net Change in Fund Balances	-	-	52,687	52,687
Fund Balances, Beginning	(416,151)	(416,151)	(416,151)	-
Fund Balances, Ending	\$ (416,151)	\$ (416,151)	\$ (363,464)	\$ 52,687

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
(Continued)

For The Year Ended June 30, 2006

Grants - Special Revenue Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,304,039	\$ 4,966,239	\$ 2,320,602	\$ (2,645,637)
Interest	-	-	874	874
Total Revenues	2,304,039	4,966,239	2,321,476	(2,644,763)
Expenditures:				
Current:				
General government	200,000	265,696	113,312	152,384
Public safety	-	2,544,013	1,084,953	1,459,060
Community development	2,104,039	1,981,907	845,230	1,136,677
Debt service:				
Principal	-	279,033	119,000	160,033
Interest	-	370,736	158,109	212,627
Total Expenditures	2,304,039	5,441,385	2,320,604	3,120,781
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(475,146)	872	476,018
Net Change in Fund Balances	-	(475,146)	872	476,018
Fund Balances, Beginning	12,107	12,107	12,107	-
Fund Balances, Ending	\$ 12,107	\$ (463,039)	\$ 12,979	\$ 476,018

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
(Continued)

For The Year Ended June 30, 2006

	Capital Projects			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Interest	\$ -	\$ -	\$ 39,181	\$ 39,181
Miscellaneous	-	195,924	65,576	(130,348)
Total Revenues	-	195,924	104,757	(91,167)
Expenditures:				
Capital outlay	1,000,000	2,793,504	1,135,503	1,658,001
Total Expenditures	1,000,000	2,793,504	1,135,503	1,658,001
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,000,000)	(2,597,580)	(1,030,746)	1,566,834
Other Financing Sources (Uses):				
Proceeds from issuance of bonds	-	-		
Sale of capital assets			171,606	171,606
Refunding bonds issued				
Transfers in	-	1,668,657	1,902,618	233,961
Transfers out	-	(145,000)	(345,000)	(200,000)
Total Other Financing Sources (Uses)	-	1,523,657	1,729,224	205,567
Net Change in Fund Balances	(1,000,000)	(1,073,923)	698,478	1,772,401
Fund Balances, Beginning	4,925,253	4,925,253	4,925,253	-
Fund Balances, Ending	\$ 3,925,253	\$ 3,851,330	\$ 5,623,731	\$ 1,772,401

WEST VALLEY CITY
COMBINING STATEMENT OF NET ASSETS -
NONMAJOR ENTERPRISE FUNDS
June 30, 2006

	Business-type Activities - Enterprise Funds		
	Housing Authority	Ambulance Fund	Total Nonmajor Proprietary Funds
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 33,923	\$ -	\$ 33,923
Accounts receivable, net	160,042	1,011,115	1,171,157
Due from other funds	1,971,954	-	1,971,954
Total Current Assets	2,165,919	1,011,115	3,177,034
Noncurrent Assets:			
Restricted cash and cash equivalents	573,757	-	573,757
Capital assets, net:			
Land	179,070	-	179,070
Buildings	626,020	-	626,020
Machinery and equipment	8,736	1,016,336	1,025,072
Total Noncurrent Assets	1,387,583	1,016,336	2,403,919
Total Assets	\$ 3,553,502	\$ 2,027,451	\$ 5,580,953
Liabilities:			
Current Liabilities:			
Accounts payable	\$ 269,046	\$ -	\$ 269,046
Accrued liabilities	14,127	57,845	71,972
Due to other funds	-	1,380,821	1,380,821
Total Current Liabilities	283,173	1,438,666	1,721,839
Noncurrent Liability			
Capital Lease	-	999,763	999,763
Total Noncurrent Liability	-	999,763	999,763
Total Liabilities	283,173	2,438,429	2,721,602
Net Assets:			
Invested in capital assets, net of related debt	813,826	16,573	830,399
Restricted for Housing Authority - expendable	573,757	-	573,757
Unrestricted	1,882,746	(427,551)	1,455,195
Total Net Assets	3,270,329	(410,978)	2,859,351
Total Liabilities and Net Assets	\$ 3,553,502	\$ 2,027,451	\$ 5,580,953

WEST VALLEY CITY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET ASSETS – NONMAJOR ENTERPRISE FUNDS
For The Year Ended June 30, 2006

	Business-type Activities - Enterprise Funds		
	Housing Authority	Ambulance Fund	Total Nonmajor Proprietary Funds
Operating Revenues:			
Ambulance fees	\$ -	\$ 1,661,391	\$ 1,661,391
Equipment and facility rents	58,977	-	58,977
Miscellaneous	43,643	-	43,643
Total Operating Revenues	102,620	1,661,391	1,764,011
Operating Expenses:			
General and administrative	479,299	1,593,060	2,072,359
Housing Payments	2,740,726	-	2,740,726
Depreciation	49,540	118,482	168,022
Total Operating Expenses	3,269,565	1,711,542	4,981,107
Operating Income (loss)	(3,166,945)	(50,151)	(3,217,096)
Nonoperating Income (Expense):			
Intergovernmental revenue	3,225,758	-	3,225,758
Interest income	25,543	-	25,543
Interest expense	-	(40,551)	(40,551)
Total Nonoperating Income (Expense)	3,251,301	(40,551)	3,210,750
Income (Loss) Before Transfers	84,356	(90,702)	(6,346)
Transfers in (out)	10,034	(300,000)	(289,966)
Changes in Net Assets	94,390	(390,702)	(296,312)
Net Assets, Beginning	3,175,939	(20,276)	3,155,663
Net Assets, Ending	\$ 3,270,329	\$ (410,978)	\$ 2,859,351

WEST VALLEY CITY
COMBINING STATEMENT OF CASH FLOWS – NONMAJOR ENTERPRISE FUNDS
For The Year Ended June 30, 2006

	Business-type Activities - Enterprise Funds		
	Housing Authority	Ambulance Fund	Total Nonmajor Proprietary Funds
Cash Flows From Operating Activities:			
Receipts from customers and users	\$ 57,109	\$ 650,276	\$ 707,385
Payments to suppliers	(3,638,599)	731,540	(2,907,059)
Payments to employees and related benefits	(242,267)	(888,034)	(1,130,301)
Net cash from operating activities	(3,823,757)	493,782	(3,329,975)
Cash Flows From Capital and Related Financing Activities:			
Principal paid on capital lease	-	(132,955)	(132,955)
Interest paid on capital lease	-	(60,827)	(60,827)
Net cash from capital and related financing activities	-	(193,782)	(193,782)
Cash Flows From Non-Capital Financing Activities:			
Subsidy from federal grants	3,225,758	-	3,225,758
Net transfers to other funds	10,034	(300,000)	(289,966)
Net cash from non-capital financing activities	3,235,792	(300,000)	2,935,792
Cash Flows From Investing Activity:			
Interest on investments	25,543	-	25,543
Net cash from investing activity	25,543	-	25,543
Net Increase (Decrease) In Cash	(562,422)	-	(562,422)
Cash and Cash Equivalents At Beginning Of Year	1,170,102	-	1,170,102
Cash and Cash Equivalents At End Of Year	\$ 607,680	\$ -	\$ 607,680

WEST VALLEY CITY
COMBINING STATEMENT OF CASH FLOWS – NONMAJOR ENTERPRISE FUNDS
(Continued)
For The Year Ended June 30, 2006

	Business-type Activities - Enterprise Funds		
	Housing Authority	Ambulance Fund	Total Nonmajor Proprietary Funds
Reconciliation of operating income (loss) to net cash flows from operating activities:			
Operating income (loss)	\$ (3,166,945)	\$ (50,151)	\$ (3,217,096)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation expense	49,540	118,482	168,022
(Increase) Decrease in accounts receivables	(45,510)	(1,011,115)	(1,056,625)
(Increase) Decrease in due from other funds	(673,001)	-	(673,001)
(Increase) Decrease in prepaids	11,925	-	11,925
Increase (Decrease) in accounts payable	9,043	(2,100)	6,943
Increase (Decrease) in accrued liabilities	(8,809)	57,845	49,036
Increase (Decrease) in due to other funds	-	1,380,821	1,380,821
Net cash from operating activities	\$ (3,823,757)	\$ 493,782	\$ (3,329,975)

WEST VALLEY CITY
SCHEDULE OF ARTS COUNCIL REVENUES AND EXPENDITURES
For The Year Ended June 30, 2006

Revenues:

Charges for Services	\$ 38,276
Total Revenues	<u>38,276</u>

Expenditures:

Wages and Benefits	28,339
Public Notices and Advertisements	186
Office Supplies	1,128
Community Activities	1,413
Civic Group	2,000
West Valley Theater Company	<u>2,764</u>
Total Expenditures	<u>35,830</u>

Excess (Deficiency) of Revenues	
Over (Under) Expenditures	<u>\$ 2,446</u>

WEST VALLEY CITY
SCHEDULE IMPACT FEES RECEIVED AND EXPENDED
For The Year Ended June 30, 2006

Road Impact Fees:

Unexpended fees received prior to fiscal year 2004	\$161,197
Unexpended fees received fiscal year 2004	229,950
Unexpended fees received fiscal year 2005	42,803

Total Fees received in fiscal year 2006	462,350
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Projects from which fees were collected (ten largest): (1)

Ivory Homes - West Ridge Estates	48,838
Ivory Homes - Valley Fields	33,380
Americraft - Vistas at West Ridge	29,996
Entelen Design-Build - EVCO House of Hose	26,727
Salt Lake City Const - Durrant Crown Bakery	24,450
Entelen Design-Build - Express Solutions	22,900
Ralph Wadsworth Const - Spillman Technology Bldg	21,417
Blueridge Homes - Red Oaks Village	20,732
Built in the USA Const - Redwood Plaza Addition	18,802
Halstead Const - Dancing Moose-Montessori School	18,797

Budgeted Capital Projects:

Vistas at West Ridge	271,222
Colt Capital	84,160
Hunter Village	21,660
Shoppes at Lake Park	21,480

Projected schedule for expenditure of Road Impact Fees:

Railroad crossing - 6000 West	460,000
3800 South project	300,000

(1) Ten largest projects from which fees were collected comprise 57.5% of total fees.

Schedule disclosure required by Utah State Law

WEST VALLEY CITY
SCHEDULE IMPACT FEES RECEIVED AND EXPENDED (Continued)
For The Year Ended June 30, 2006

Park Impact Fees:

Unexpended fees received prior to fiscal year 2004	\$439,052
Unexpended fees received fiscal year 2004	367,902
Unexpended fees received fiscal year 2005	(149,389)

Total Fees received in fiscal year 2006	412,312
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Projects from which fees were collected (ten largest): (1)

Ivory Homes - West Ridge Estates	86,468
Ivory Homes - Valley Fields	59,566
Americraft - Vistas at West Ridge	55,926
Blueridge Homes - Red Oaks Village	39,547
Perry Homes - Diamond Summit	30,254
Bangerter Homes - Meadow Breeze	22,910
Toombs Inc - Village Condos	22,280
Gough Construction - Paynter Estates	13,778
Liberty Homes - Vistas at West Ridge	13,746
Ivory Homes - Stonebrook	10,513

Budgeted Capital Projects:

Meadowlands Park	402,000
Back 9 Park	91,000
Wheatland Park	120,000
Centennial Park Improvements	11,000

Projected schedule for expenditure of Park Impact Fees:

Fiscal year 2007 planned park improvements	1,700,000
Fiscal year 2008 planned park improvements	3,575,000
Fiscal year 2009 planned park improvements	1,700,000
Fiscal year 2010 planned park improvements	1,100,000

(1) Ten largest projects from which fees were collected comprise 86.1% of total fees.

Schedule disclosure required by Utah State Law

WEST VALLEY CITY
SCHEDULE IMPACT FEES RECEIVED AND EXPENDED (Continued)
For The Year Ended June 30, 2006

Fire Impact Fees:

Unexpended fees received prior to fiscal year 2004	\$65,625
Unexpended fees received fiscal year 2004	91,047
Unexpended fees received fiscal year 2005	47,858

Total Fees received in fiscal year 2006	74,881
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Projects from which fees were collected (ten largest): (1)

Halstead Const - Dancing Moose-Montessori School	9,338
Camco Construction - Kenworth	8,728
Ralph Wadsworth Const - Spillman Technology Bldg	7,697
Ivory Homes - West Ridge Estates	4,096
Ivory Homes - Valley Fields	3,328
Blueridge Homes - Red Oaks Village	3,124
Americraft - Vistas at West Ridge	3,072
Hansen Construction - Lighthouse Plaza	2,762
Continental Engineering & Const - Hexcel Fibers Mfg Facility	2,181
Entelen Design-Build - EVCO House of Hose	2,063

Budgeted Capital Projects:

Debt service on Fire Stations 74 and 75	36,500
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Projected schedule for expenditure of Fire Impact Fees:

New fire station (Station 76)	1,090,000
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(1) Ten largest projects from which fees were collected comprise 62.0% of total fees.

Schedule disclosure required by Utah State Law

WEST VALLEY CITY
SCHEDULE IMPACT FEES RECEIVED AND EXPENDED (Continued)
For The Year Ended June 30, 2006

Police Impact Fees:

Unexpended fees received prior to fiscal year 2004	\$292,490
Unexpended fees received fiscal year 2004	55,847
Unexpended fees received fiscal year 2005	26,188

Total Fees received in fiscal year 2006	49,839
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Projects from which fees were collected (ten largest): (1)

Halstead Const - Dancing Moose-Montessori School	6,214
Camco Construction - Kenworth	5,776
Ralph Wadsworth Const - Spillman Technology Bldg	5,103
Ivory Homes - West Ridge Estates	2,795
Ivory Homes - Valley Fields	2,236
Americraft - Vistas at West Ridge	2,064
Blueridge Homes - Red Oaks Village	2,059
Hansen Construction - Lighthouse Plaza	1,847
Continental Engineering & Const - Hexcel Fibers Mfg Facility	1,426
Entelen Design-Build - EVCO House of Hose	1,358

Budgeted Capital Projects:

Debt service on Public Safety Building	30,000
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Projected schedule for expenditure of Police Impact Fees:

Police Building expansion	1,103,000
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(1) Ten largest projects from which fees were collected comprise 62.0% of total fees.

Schedule disclosure required by Utah State Law

WEST VALLEY CITY
SCHEDULE IMPACT FEES RECEIVED AND EXPENDED (Continued)
For The Year Ended June 30, 2006

Flood Control Impact Fees:

Unexpended fees received prior to fiscal year 2004	\$215,711
Unexpended fees received fiscal year 2004	(67,871)
Unexpended fees received fiscal year 2005	28,802
 Total Fees received in fiscal year 2006	 290,612

Projects from which fees were collected (ten largest): (1)

Highbury Commons	95,239
Ivory Homes - West Ridge Estates #1	34,628
Holmes Homes Inc - West Ridge Estates #2	24,823
Reliance Homes - Hunter Willows Phase 2	20,129
Camco Construction - Kenworth	13,566
Monticello Academy	8,414
Ralph Wadsworth Const - Spillman Technology Bldg	8,092
Entelen Design-Build - EVCO House of Hose	7,070
Knight Transport Expansion	6,892
Hunter Cover Estates	6,192

Budgeted Capital Projects:

Riter District improvements	220,000
Riter Canal Study	30,000
West Ridge Storm Drain Project	38,600

Projected schedule for expenditure of Flood Control Impact Fees:

Vistas District improvements	
West Ridge District improvements	

(1) Ten largest projects from which fees were collected comprise 77.4% of total fees.

Schedule disclosure required by Utah State Law

WEST VALLEY CITY

STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

- Financial Trends – these schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.
- Revenue Capacity – these schedules contain information to help the reader assess the City's most stable local revenue source, property tax.
- Debt Capacity – these schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.
- Demographic and Economic Information – these schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.
- Operating Information – these schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

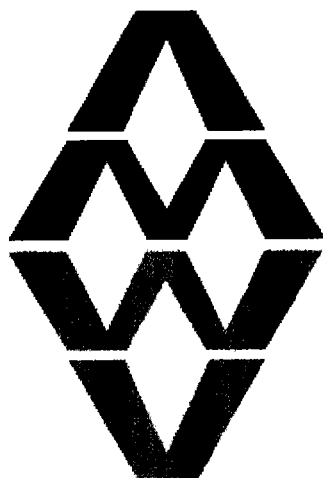


Table 1
West Valley City
Net Assets by Component
Last Four Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$139,361,331	\$153,740,212	\$157,396,087	\$222,731,950
Restricted	15,252,029	10,339,305	13,834,532	13,589,838
Unrestricted	53,317,105	54,318,423	52,359,425	17,412,521
Total governmental activities net assets	\$207,930,465	\$218,397,940	\$223,590,044	\$253,734,309
Business-type activities				
Invested in capital assets, net of related debt	\$4,028,921	\$4,066,978	\$4,927,823	\$5,318,631
Restricted		525,615	486,810	573,757
Unrestricted	2,522,913	1,477,905	915,243	778,229
Total business-type activities net assets	\$6,551,834	\$6,070,498	\$6,329,876	\$6,670,617
Primary government				
Invested in capital assets, net of related debt	\$143,390,252	\$157,807,190	\$162,323,910	\$228,050,581
Restricted	15,252,029	10,864,920	14,321,342	14,163,595
Unrestricted	55,840,018	55,796,328	53,274,668	18,190,750
Total primary government net assets	\$214,482,299	\$224,468,438	\$229,919,920	\$260,404,926

Source: West Valley City Statement of Net Assets 2003-2006

General Note: Required financial statement data for this schedule was not available until after the City's implementation of GASB 34, which occurred for the fiscal year ended June 30, 2003

Table 2

West Valley City
Changes in Net assets by Component
Last Four Fiscal Years
(accrual basis of accounting)

Expenses	2003	2004	2005	2006
Governmental activities				
General government	\$9,804,666	\$10,236,884	\$11,529,739	\$12,401,614
Public safety	24,133,362	25,586,567	26,441,432	26,478,626
Highways and streets	9,062,361	10,258,509	9,758,769	14,179,285
Parks and recreation	12,491,708	11,345,149	10,933,550	11,392,074
Community development	5,829,288	6,324,663	6,033,403	5,324,016
Other nondepartmental				
Interest on debt service	7,998,498	8,538,694	7,845,883	8,820,535
Bond issuance costs				
Total Primary government expenses	<u>69,319,883</u>	<u>72,290,466</u>	<u>72,542,776</u>	<u>78,596,150</u>
Business-type activities				
Golf courses	3,999,833	3,654,627	3,412,172	3,754,912
Housing authority	3,258,193	3,614,721	3,223,787	3,269,565
Ambulance	-	-	20,276	1,752,093
Total business-type activities	<u>7,258,026</u>	<u>7,269,348</u>	<u>6,656,235</u>	<u>8,776,570</u>
Total primary government expenses	<u>\$76,577,909</u>	<u>\$79,559,814</u>	<u>\$79,199,011</u>	<u>\$87,372,720</u>
Program Revenues				
Governmental activities				
Charges for services:				
General government	\$23,614,406	\$24,335,753	\$23,511,281	\$23,840,507
Culture and recreation				
Other activities				
Operating grants and contributions	5,966,635	7,746,195	9,127,696	8,217,033
Capital grants and contributions	5,072,379	3,388,585	3,994,890	5,618,164
Total governmental activities program revenue	<u>34,653,420</u>	<u>35,470,533</u>	<u>36,633,867</u>	<u>37,675,704</u>
Business-type activities				
Charges for services	3,024,319	2,803,016	2,461,906	4,403,790
Operating grants and contributions	3,139,760	3,398,479	135,046	3,246,184
Capital grants and contributions	15,711	-	3,114,782	-
Total business-type activities program revenues	<u>3,155,471</u>	<u>3,398,479</u>	<u>3,249,828</u>	<u>3,246,184</u>
Total primary government program revenues	<u>\$37,808,891</u>	<u>\$38,869,012</u>	<u>\$39,883,695</u>	<u>\$40,921,888</u>
Net (expense)/revenue				
Governmental activities	(\$34,666,463)	(\$36,819,933)	(\$35,908,909)	(\$40,920,446)
Business-type activities	(4,102,555)	(3,870,869)	(3,406,407)	(5,530,386)
Total primary government net expense	<u>(\$38,769,018)</u>	<u>(\$40,690,802)</u>	<u>(\$39,315,316)</u>	<u>(\$46,450,832)</u>

Source: West Valley City Statement of Activities for years 2003-2006

General Note: Required financial statement data for this schedule was not available until after the City's implementation of GASB 34, which occurred for the fiscal year ended June 30, 2003

Table 2
West Valley City
Changes in Net assets by Component
Last Four Fiscal Years
(accrual basis of accounting)
(Continued)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Revenues and Other Changes in Net assets				
Governmental activities:				
Taxes				
Property taxes	\$16,482,426	\$16,978,654	\$15,879,503	\$16,388,067
Sales taxes	14,586,796	15,375,398	17,061,625	19,335,997
Franchise taxes	5,807,978	6,997,395	7,246,471	8,562,963
Other taxes	240,881	242,612	95,913	94,403
Unrestricted investment earnings	3,463,157	3,163,666	464,754	1,423,280
Gain (loss) on disposition of assets	792,621	(942,375)	1,309,349	1,218,421
Other revenues		735,524	214,412	155,167
Transfers	(376,538)	(567,660)	(1,171,014)	(1,054,315)
Special Item				(902,408)
Total governmental activities	<u>\$40,997,321</u>	<u>\$41,983,214</u>	<u>\$41,101,013</u>	<u>\$45,221,575</u>
Business-type activities:				
Investment earnings	34,179	18,857	32,865	69,156
Gain on disposition of capital assets	-	-	-	343,866
Transfers	-	-	1,171,014	1,054,315
Total business-type activities	<u>34,179</u>	<u>18,857</u>	<u>1,203,879</u>	<u>1,467,337</u>
Total primary government	<u><u>\$41,031,500</u></u>	<u><u>\$42,002,071</u></u>	<u><u>\$42,304,892</u></u>	<u><u>\$46,688,912</u></u>
Changes in Net Assets				
Governmental activities	6,330,858	5,163,281	5,192,104	4,301,129
Business-type activities	(4,068,376)	(3,852,012)	(2,202,528)	(4,063,049)
Total primary government	<u><u>\$2,262,482</u></u>	<u><u>\$1,311,269</u></u>	<u><u>\$2,989,576</u></u>	<u><u>\$238,080</u></u>

Source: West Valley City Statement of Activities for years 2003-2006

General Note: Required financial statement data for this schedule was not available until after the City's implementation of GASB 34, which occurred for the fiscal year ended June 30, 2003

Table 3

West Valley City
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal year	1997	1998	1999	2000
General fund				
Reserved	\$1,728,514	\$1,937,045	\$6,333,907	\$7,976,911
Unreserved	5,575,485	5,235,350	293,778	2,179,661
Total general fund	<u>\$7,303,999</u>	<u>\$7,172,395</u>	<u>\$6,627,685</u>	<u>\$10,156,572</u>
 All other governmental funds				
Reserved	\$356,651	\$9,675,521	\$24,377,237	\$13,820,111
Unreserved, reported in:				
Special revenue funds	16,208,190	11,883,961	2,262,435	1,940,610
Capital projects funds	1,575,045			1,027,669
Permanent funds				
Total all other governmental funds	<u>\$18,139,886</u>	<u>\$21,559,482</u>	<u>\$26,639,672</u>	<u>\$16,788,390</u>

Source: West Valley City's Balance Sheets 1997-2006

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$7,193,455	\$14,247,839	\$8,449,472	\$7,169,884	\$9,457,675	\$9,531,640
4,467,832	9,004,461	6,319,877	7,850,705	7,508,722	5,328,203
<u>\$11,661,287</u>	<u>\$23,252,300</u>	<u>\$14,769,349</u>	<u>\$15,020,589</u>	<u>\$16,966,397</u>	<u>\$14,859,843</u>
\$13,968,153	\$9,400,863	\$7,148,182	\$7,832,252	\$8,976,857	\$8,658,198
1,787,784	3,611,702	7,317,714	878,618	224,690	552,812
1,502,705	1,594,520	1,316,961	3,560,108	2,937,124	3,841,597
<u>\$17,258,642</u>	<u>\$14,607,085</u>	<u>\$15,782,857</u>	<u>\$12,270,978</u>	<u>\$12,138,671</u>	<u>\$13,052,607</u>

Table 4
West Valley City
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year				
	1997	1998	1999	2000	2001
Revenues					
Taxes	\$24,344,396	\$26,420,978	\$30,720,882	\$31,640,707	\$34,029,938
Fees and passes	-	-	2,342,755	3,240,895	5,932,441
Licenses and permits	2,504,747	2,383,861	2,462,981	2,488,819	2,756,350
Intergovernmental	7,490,241	6,697,505	6,455,234	6,780,890	6,706,613
Fines and forfeitures	633,191	805,087	896,069	1,743,394	2,770,033
Charges for services	2,690,074	3,181,880	4,086,702	3,921,527	1,708,021
Rental income	32,770	35,985	1,506,427	1,440,762	1,447,805
Investment earnings	1,462,312	2,012,149	2,386,876	2,447,089	3,678,781
Special assessments	-	-	-	844,309	650,533
E center	-	2,383,688	-	-	-
Sale of Land	-	-	1,222,635	210,313	141,330
Miscellaneous	3,815,787	4,098,204	972,898	1,238,879	1,099,529
Total revenues	42,973,518	47,999,137	53,053,459	55,997,584	60,921,174
Expenditures					
General government	4,448,073	4,406,952	4,950,379	5,542,050	7,455,514
Public safety	12,759,475	14,242,017	15,217,791	15,953,232	19,130,815
Highways and streets	6,225,829	8,147,088	6,491,203	7,116,418	4,427,968
Parks and recreation	655,198	905,993	1,095,604	1,438,866	1,138,895
Community development	1,461,888	1,667,064	1,771,159	1,770,478	1,784,725
Other nondepartmental	6,376,032	4,275,863	3,577,049	4,420,458	1,325,286
Fitness center	-	-	-	1,322,538	2,178,274
Redevopment agency	2,314,457	3,424,874	1,241,202	1,207,407	1,043,356
Administration	-	14,795	310,487	22,206	15,038
Hale Center Theater	-	-	26,808	44,059	45,667
Building Authority	1,575	1,064,925	22,902	144,200	50,216
Housing	1,607,017	1,513,228	1,665,050	-	-
E Center Arena	-	241,187	480,665	476,777	440,487
Sanitation	-	-	-	-	2,705,033
Impact Fee	-	-	901,445	1,508,697	640,791
Storm Water drainage	-	-	-	-	38,374
Grants	-	-	-	-	3,144,330
Land purchase	-	30,000	-	-	141,330
Capital outlay	37,820,909	20,341,846	21,800,696	11,815,794	2,367,585
Debt service					
Principal	1,107,350	1,412,445	5,207,795	6,917,700	4,748,757
Interest	920,632	4,302,259	5,931,638	6,573,467	7,757,213
Bond insurance costs	-	-	-	-	-
Total expenditures	\$75,698,235	\$65,990,536	\$70,891,871	\$66,274,347	\$60,579,454
Excess of revenues over (under) expenditures	(32,724,717)	(17,991,399)	(17,638,412)	(10,276,763)	341,720
Other financing sources (uses)					
Proceeds from issuance of warrants and bonds	\$51,508,830	\$21,793,256	-	\$2,137,000	\$2,701,073
Bond proceeds	7,150,000	-	22,740,000	-	-
Bond proceeds used to retire debt	(7,150,000)	-	-	-	-
Refunding bonds issued	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-
Transfers in	1,969,596	5,875,741	10,225,875	15,319,850	12,613,419
Transfers out	(2,570,460)	(2,635,247)	(10,761,983)	(15,118,661)	(13,115,430)
E center interest transfer out	-	(3,781,359)	-	-	-
Premium on bonds issued	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-
Notes payable issued	-	-	-	-	-
Bond retirement from sale of asset	-	-	-	-	-
Capital leases	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Special item - receivable satisfied by receipt of fixed assets	-	-	-	-	-
Total other financing sources (uses)	50,907,966	21,252,391	22,203,892	2,338,189	2,199,062
Net changes in fund balances	\$18,183,249	\$3,260,992	\$4,565,480	(\$7,938,574)	\$2,540,782
Debt service as a percentage of noncapital expenditures	5.4%	12.5%	22.8%	24.8%	21.5%

Source: West Valley City's Statement of Revenues, Expenditures, and changes in Fund Balances 1997-2006

2002	2003	2004	2005	2006
\$38,003,111	\$37,118,081	\$39,506,614	\$41,173,802	\$45,322,680
8,545,610	9,505,608	9,237,792	8,565,743	9,561,713
2,597,082	2,691,483	3,149,510	2,861,618	3,183,143
7,494,892	8,739,811	8,462,920	6,823,598	6,364,334
3,698,615	4,096,954	4,325,097	3,750,382	3,518,722
1,386,403	1,536,230	1,579,292	1,768,443	1,307,086
8,176,436	3,514,738	3,620,825	3,107,069	3,577,992
4,189,009	3,379,737	3,246,550	3,261,669	5,999,039
659,296	659,296	659,357	841,275	477,290
-	-	-	-	-
432,986	1,847,387	1,085,000	-	-
1,352,865	1,836,135	2,332,784	1,330,573	937,489
<u>76,536,305</u>	<u>74,925,480</u>	<u>77,206,341</u>	<u>73,484,172</u>	<u>80,249,468</u>
7,724,254	10,066,326	9,028,518	8,828,278	9,372,709
21,756,998	22,663,486	24,086,915	25,279,505	26,655,723
4,429,288	10,784,714	10,421,613	11,412,199	14,135,790
1,731,243	7,244,254	7,550,057	7,355,951	8,200,937
2,069,114	5,539,609	4,324,828	3,790,849	3,697,325
15,816,943	10,431,986	2,783,702	2,583,819	1,552,472
2,247,400	-	-	-	-
1,357,462	1,778,956	5,959,302	2,426,294	2,103,258
53,420	-	-	-	-
7,714	-	-	-	-
-	-	-	-	-
498,199	-	-	-	-
2,384,015	-	-	-	-
922,304	-	-	-	-
1,589,610	-	-	-	-
7,042,236	-	-	-	-
8,906,934	1,845,252	1,218,722	150,715	1,291,169
12,131,509	4,653,240	7,016,023	5,942,455	39,730,410
9,379,375	7,579,634	8,514,802	7,929,180	9,056,978
2,138,351	179,694	-	-	-
<u>\$102,186,367</u>	<u>\$82,767,131</u>	<u>\$80,904,482</u>	<u>\$75,699,243</u>	<u>\$115,796,771</u>
(25,650,062)	(7,841,671)	(3,698,141)	(2,215,071)	(35,547,303)
\$73,458,923	\$9,726,872	-	-	-
(40,046,299)	(5,015,225)	(3,886,586)	6,319,468	32,585,000
20,534,440	10,685,947	12,642,853	13,730,910	1,956,888
(20,918,045)	(11,062,485)	(13,210,513)	(14,901,924)	15,467,940
-	-	-	-	(16,522,255)
-	-	-	-	-
-	-	-	(6,178,129)	-
-	-	-	1,429,088	-
-	-	-	(1,026,000)	-
-	201,000	1,484,948	-	-
-	115,657	-	4,555,159	1,769,520
-	-	-	-	(902,408)
<u>33,029,019</u>	<u>4,651,766</u>	<u>(2,969,298)</u>	<u>3,928,572</u>	<u>34,354,685</u>
<u>\$7,378,957</u>	<u>(\$3,189,905)</u>	<u>(\$6,667,439)</u>	<u>\$1,713,501</u>	<u>(\$1,192,618)</u>
23.1%	15.1%	19.5%	18.4%	42.6%

Table 5

West Valley City
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended December 31	Real Property(3)		Less: Tax Exempt Real Property(1)	Total Taxable Assessed Value	Total Direct Tax Rate(2)	Estimated Actual Taxable Value(3)	Assessed Value as a Percentage of Actual Value
	Primary Residential Property	Secondary or Non-Residential Property					
1997	\$1,660,022,880	\$817,622,210	\$747,010,296	\$1,730,634,794	0.0020490	\$2,561,072,011	67.57%
1998	1,469,995,310	1,423,237,777	661,497,890	2,231,735,198	0.0019290	4,095,956,522	54.49%
1999	1,584,613,384	1,730,557,242	713,076,023	2,602,094,603	0.0024560	4,611,672,486	56.42%
2000	1,691,140,028	1,760,826,549	761,013,013	2,690,953,564	0.0024870	4,835,626,534	55.65%
2001	1,319,902,948	2,458,337,626	593,956,327	3,184,284,247	0.0024900	5,282,643,415	60.28%
2002	1,950,257,994	2,000,815,706	877,616,097	3,073,457,603	0.0026600	5,213,753,550	58.95%
2003	2,435,603,306	1,634,705,590	1,096,021,488	2,974,287,408	0.0026540	5,181,906,550	57.40%
2004	2,448,687,283	1,611,680,620	1,101,909,277	2,958,458,626	0.0027030	5,234,344,610	56.52%
2005	2,467,330,937	1,617,934,900	1,110,298,922	2,974,966,915	0.0026940	5,422,357,860	54.86%
2006	2,321,816,684	1,686,393,680	1,044,817,508	2,963,392,856	0.0024560	5,907,878,560	50.16%

Source: Tax Division--Salt Lake County Auditor's Office

Notes: (1) Statue 59-2-103 states 45% of the value of primary residential property is specifically exempt under the Constitution of Utah

(2) Tax rates are supplied by West Valley City

(3) Estimated actual value of real property is a net market value--property value subject to tax after reductions made for greenbelt, full or part exemptions.

Table 6
West Valley City
Property Tax Rates
Direct and Overlapping(1) Governments
Last Ten Fiscal Years

Fiscal Year	Overlapping Rates(1)										Total Direct & Overlapping Rates
	West Valley City			County			School District				
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage	Special Districts	
1996	2.0350	-	2.0350	3.5540	0.4550	4.0090	6.8960	-	6.8960	4.3300	17.2700
1997	2.0490	-	2.0490	5.2541	0.0429	5.2970	6.1300	-	6.1300	3.7840	17.2600
1998	1.9290	-	1.9290	5.1210	0.0430	5.1640	5.8070	-	5.8070	3.8420	16.7420
1999	2.4560	-	2.4560	3.7905	0.0375	3.8280	5.7120	-	5.7120	3.6920	15.6880
2000	2.4870	-	2.4870	3.9697	0.0353	4.0050	7.0260	-	7.0260	3.9800	17.4980
2001	2.4900	-	2.4900	2.8607	0.0433	2.9040	6.7800	-	6.7800	5.7830	17.9570
2002	2.6660	-	2.6660	4.4748	0.0422	4.5170	8.3500	-	8.3500	3.6820	19.2150
2003	2.6540	-	2.6540	5.2928	0.0332	5.3260	6.4600	-	6.4600	3.6230	18.0630
2004	2.7030	-	2.7030	3.5824	0.0326	3.6150	6.8000	-	6.8000	4.2270	17.3450
2005	2.6940	-	2.6940	6.6320	0.0310	6.6630	6.7460	-	6.7460	3.9680	20.0710

Source: Utah State Tax Commission

(1) Overlapping rates are those of local and county governments that apply to property owners within the West Valley City Property owners

Table 7

**West Valley City
Principal Property Taxpayers
December 31, 2005**

Taxpayer	2005			1996		
	Taxable Assessed Value(1)	Rank	Percentage of Total Taxable Assessed Value of \$4,085,265,837	Taxable Assessed Value(1)	Rank	Percentage of Total Taxable Assessed Value \$2,156,798,241
Alliant Techsystem	\$92,284,300	1	2.26%	\$163,431,641	1	7.58%
Pacificorp	53,551,053	2	1.31%	40,526,240	3	1.88%
Novus Development	52,789,100	3	1.29%			
Franklin Development	47,315,412	4	1.16%	28,817,900	4	1.34%
Boyd Enterprises	36,314,917	5	0.89%			
Valley Fair Mall	35,195,200	6	0.86%	45,571,200	2	2.11%
Wal-Mart	32,371,000	7	0.79%			
Truck Pro	30,714,639	8	0.75%			
Parkway Center LC	27,140,500	9	0.66%			
Legacy Lake Park LP	22,831,015	10	0.56%			
IHC Health Service	18,788,690	11	0.46%			
United States of America				22,534,800	5	1.04%
FHP of Utah				22,327,900	6	1.04%
Rhode Island Hospital				16,729,500	7	0.78%
U.S. West				16,252,130	8	0.75%
Mountain Fuel				11,908,510	9	0.55%
SBWWR Inc.				11,469,800	10	0.53%
Somerset Utah L.P.				10,877,130	11	0.50%
	<u>\$449,295,826</u>		<u>11.00%</u>	<u>\$390,446,751</u>		<u>18.10%</u>

Taxable Market Values Represent Both Real and Personal Property

(1) Utah State Tax Commission

Table 8
West Valley City
Property Tax Levies and Collections
Last Ten Years

Fiscal Year Ended	Total Tax Levy for	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
December 31	Fiscal Year	Amount	Percentage of Levy		Amount	Percentage of Levy
1996	\$5,232,719	\$5,135,824	98.1%	\$131,520	\$5,267,344	100.7%
1997	5,666,255	5,508,181	97.2%	123,480	5,631,661	99.4%
1998	8,172,439	7,855,444	96.1%	151,419	8,006,863	98.0%
1999	8,710,403	8,158,404	93.7%	247,239	8,405,643	96.5%
2000	9,488,707	9,095,091	95.9%	295,972	9,391,063	99.0%
2001	10,416,118	10,085,638	96.8%	315,325	10,400,963	99.9%
2002	11,613,891	11,108,869	95.7%	325,055	11,433,924	98.5%
2003	11,925,481	11,634,824	97.6%	415,123	12,049,947	101.0%
2004	12,208,084	11,881,596	97.3%	503,502	12,385,098	101.4%
2005	12,160,390	11,737,382	96.5%	356,185	12,093,567	99.5%

Source: Salt Lake County Treasurer's office - Calendar Year End

Table 9

West Valley City
Ratios of Outstanding Debt by Type
Last Five Fiscal Years

Fiscal Year	Governmental Activities				Notes Payable/ Hud 108 Program	Business-Type Activities				Total Primary Government	Percentage of Personal Income(1)	Per Capita(1)
	General Obligation Bonds	Sales Tax Revenue Bonds	Leases Revenue Bonds	Capital Leases Obligations		Compensated Absences	General Obligation Bonds	Lease Revenue Bonds	Compensated Absences			
2002	-	\$36,145,000	\$124,133,000	\$3,255,420	\$3,297,000	\$969,199	-	\$15,488,048	-	\$183,287,667	2.40%	\$1,631
2003	-	29,573,476	122,272,838	2,589,906	3,297,000	1,094,699	-	15,275,162	-	174,103,081	2.58%	1,523
2004	-	28,575,476	114,814,488	1,721,871	3,189,000	1,211,748	-	14,728,512	-	164,241,095	2.79%	1,407
2005	-	27,290,726	109,950,838	1,024,816	4,505,088	1,348,816	-	15,273,630	-	159,393,914	2.87%	1,331
2006	-	29,257,364	72,394,888	538,694	2,957,000	1,367,830	-	14,521,875	-	121,037,651	3.78%	1,002

Source: For outstanding debt details, see the notes to the financial statement.

Notes:

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

General Note: Required financial statement data for this schedule was not available until after West Valley City's implementation of GASB 34 Statement 34, which occurred the fiscal year ending June 30, 2003.

Table 10

**West Valley City
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Estimated Actual Value of Property(2)</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Population(1)</u>	<u>Per Capita</u>
1997	-	\$3,608,900,734	N/A	104,955	N/A
1998	-	4,095,956,522	N/A	105,000	N/A
1999	-	4,611,672,486	N/A	106,700	N/A
2000	-	4,835,626,534	N/A	108,830	N/A
2001	-	5,282,643,415	N/A	112,362	N/A
2002	-	5,213,753,550	N/A	112,402	N/A
2003	-	5,181,906,550	N/A	114,318	N/A
2004	-	5,234,344,610	N/A	116,719	N/A
2005	-	5,422,357,860	N/A	119,712	N/A
2006	-	5,907,878,560	N/A	120,757	N/A

Notes:

- (1) West Valley City Community Development Department
- (2) Estimated by West Valley City Finance Department based on data from Utah State Tax Commiss

Table 11

**West Valley City
Direct and Overlapping Governmental Activities Debt
As of December 31, 2005**

<u>Governmental Unit</u>	<u>General Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
State of Utah	\$1,587,804,000	5.41%	\$85,859,354
Salt Lake County	204,440,000	12.34%	25,235,551
Subtotal, overlapping debt	<u>\$1,792,244,000</u>		<u>\$111,094,905</u>
West Valley City direct and general debt	<u>N/A</u>	4.70%	<u>N/A</u>
Total Direct and overlapping debt	<u><u>\$1,792,244,000</u></u>		<u><u>\$111,094,905</u></u>

Source:
West Valley City Finance Department

Table 12

West Valley City
Legal Debt Margin Information
Last Ten Fiscal Years

Fiscal Year	1997	1998	1999	2,000	2001	2002	2,003	2004	2005	2006
Debt Limit	\$102,442,880	\$163,838,261	\$184,466,899	\$193,425,061	\$211,305,737	\$208,550,142	\$207,276,262	\$209,373,784	\$216,894,314	\$236,315,142
Total net debt applicable to limit	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Legal debt margin	\$102,442,880	\$163,838,261	\$184,466,899	\$193,425,061	\$211,305,737	\$208,550,142	\$207,276,262	\$209,373,784	\$216,894,314	\$236,315,142
Total net debt applicable to the limit as a percentage of debt limit	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Legal Debt Margin Calculation for Fiscal Year 2006

	Taxable Value (1)	Market Value
Residential Values	\$2,321,816,684	\$4,221,484,880
Non-Residential Values	1,686,393,680	1,686,393,680
Totals	\$4,008,210,364	\$5,907,878,560
Total "adjusted fair market value"		\$5,907,878,560
Debt limit (adjusted fair market value" x .04)		236,315,142
General obligation bonds		-
Less: Amount set aside for repayment of general obligation debt		
Total net debt applicable to limit		236,315,142
Legal debt margin		\$236,315,142

Notes:

(1) The general obligation bonded debt of the City is limited by the Utah Constitution (Section 14, Paragraph 4) to 12% of the "reasonable fair cash value" of property. Of this percent, a maximum of 4% may be used for general purposes. The remaining 8% and any unused portion of the 4% available for general purposes up to the maximum 12% may be utilized for water and/or sewer purposes.

Source: Salt Lake County Auditor's Office

Table 13

**West Valley City
Pledged-Revenue Coverage
Last Ten Fiscal Years**

Fiscal Year	Sales Tax Revenue Bonds (1)				HUD Contract Payable			
	Sales Tax Revenues	Debt Service		Coverage	CDBG Revenues	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
1997	\$12,470,830	-	-	-	\$928,648	-	-	-
1998	13,224,455	-	-	-	680,494	-	-	-
1999	14,049,492	-	-	-	568,901	-	-	-
2000	14,725,207	-	-	-	1,275,120	-	-	-
2001	15,026,914	-	-	-	1,486,139	-	-	-
2002	16,776,046	-	\$449,581	37.3	1,461,206	-	-	-
2003	14,586,796	-	1,761,357	8.3	859,315	-	\$79,025	10.9
2004	15,375,398	\$1,401,000	1,847,968	4.7	2,312,131	\$108,000	163,499	8.5
2005	17,061,625	1,467,000	1,831,743	5.2	1,166,301	113,000	161,221	4.3
2006	19,335,997	1,531,000	1,780,277	5.8	803,135	119,000	158,109	2.9

Source: For Outstanding debt details, see the notes to the financial statements.

Note: (1) The City began issuing Sales Tax Bonds in January 2002

Table 14
West Valley City
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (in thousands)(2)</u>	<u>Per Capita Personal Income(3)</u>	<u>School Enrollment(4)</u>	<u>Unemployment Rate(5)</u>
1997	104,955	\$1,025,830	\$9,774	22,778	3.6%
1998	105,000	1,102,710	10,502	22,400	4.5%
1999	106,700	1,241,134	11,632	22,050	4.5%
2000	108,830	1,396,071	12,828	21,750	3.9%
2001	112,362	1,512,168	13,458	21,482	5.4%
2002	112,402	1,568,795	13,957	21,477	7.0%
2003	114,318	1,691,678	14,798	21,177	7.3%
2004	116,719	1,777,747	15,231	20,998	6.1%
2005	119,712	1,902,343	15,891	20,845	5.8%
2006	120,757	1,957,328	16,209	20,969	6.6%

Notes:

- (1) Data are projections by the West Valley City Community Development Department
- (2) Provided by Utah Department of Workforce Service statistical report
- (3) Utah Department of Workforce Service or estimates when actual numbers were not available
- (4) Student enrolment was furnished by Granite School District
- (5) Utah Department of Workforce Service

Table 15

**West Valley City
Principal Employers
Current Year and Nine Years Ago**

<u>Employer</u>	<u>2006</u>		<u>1996</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Discover Financial Services Inc.	2,927	1		
United Parcel Services Inc.	1,572	2	1,730	1
Wal-Mart	1,229	3		
Zions 1st Nat Bank/zions Data Serv	1,102	4	603	6
Verizon Wireless	1,010	5		
Alliant Techsystem Inc.	817	6	1,497	2
Six Continents Hotel Inc.	746	7		
Wheeler Machinery/Icm Division	596	8	561	7
Ingenix Inc.	566	9		
Franklin Quest Co.	560	10	954	4
C R England & Sons Inc.	559	11	553	8
Pioneer Valley Hospital	452	12	410	10
USANA Health Sciences INC.	425	13		
Frito Lay Inc.	419	14	294	15
Yellow Freight System Inc.	374	15	372	12
Moog Aircraft Group Salt Lake Oper	364	16		
Freightliner	341	17		
First Health Strategies Inc.			1,330	3
Holiday Inn			750	5
Montek Division			521	9
Consolidated Freightways			389	11
Parker Packing Company			320	13
Pride Transport Inc.			298	14
Broadcast Television System Inc.			216	16
Publishers Press Inc.			210	17
	<u>11,132</u>		<u>11,008</u>	

Source: West Valley City Business License Division

Table 16
West Valley City
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General government	59	61	85	87	91	99	96	99	101	103
Public safety										
Police										
Officers	164	159	159	182	184	188	190	201	197	199
Civillians	81	55	59	62	58	64	75	89	81	83
Fire										
Firefighters and officers	61	61	61	62	61	76	78	80	79	79
Civillians	2	2	2	2	2	4	4	4	4	2
Highways and streets										
Engineering	18	21	22	19	19	19	20	18	20	20
Maintenance	33	32	35	35	38	45	45	32	33	33
Parks and recreation	14	14	18	40	82	91	88	82	77	74
Golf Courses										
Operations	7	7	7	7	11	12	41	39	38	37
Maintenance	7	7	7	7	7	7	19	17	14	15
Sanitation	1	1	1	1	1	2	2	2	2	2
Community development	<u>32</u>	<u>32</u>	<u>32</u>	<u>34</u>	<u>33</u>	<u>35</u>	<u>39</u>	<u>33</u>	<u>38</u>	<u>42</u>
Total	479	452	488	538	587	642	697	696	684	689

Source: West Valley City Budget Division

Table 17

**West Valley City
Operating Indicators by Function
Last Ten Fiscal Years**

Fiscal Year	1997	1998	1999
Function			
Police			
Number of full-time sworn officers	158	143	155
Physical arrests	N/A	2,268	1,569
Fire			
Number of calls answered	7,103	7,146	7,981
Inspections	369	374	351
Highways and streets			
Street resurfacing			
Slurry Seal (sq yards)	484,106	630,115	782,160
Chipseal (square yards)	N/A	N/A	N/A
Overlay Project (sq yards)	39,781	46,513	94,436
Hot Mix Patching (tons)	3,724	5,564	4,571
Cold Mix Patching (tons)	340	104	72
Remove and replace asphalt (tons)	2,673	883	416
Paved Shoulder Tie-ins (tons)	N/A	553	96
Parks & Recreation			
Developed city-owned parks	8	12	13
Undeveloped city-owned park property (ac)	15.50	30.21	34.56
Developed county-owned parks within the city (ac)	53.60	53.60	56.60
Total Property Acreage Maintain by WVC (ac)	86.40	138.11	142.96
Ced			
Building Inspections			
Permits issued			
Single Family	748	558	494
Duplex	8	2	0
Multi-family	76	104	32
Mobile Home	92	21	64

Source: West Valley City departments reports

(Continued from prior page)

2000	2001	2002	2003	2004	2005	2006
155	176	174	170	159	177	199
1,505	1,548	1,926	2,360	3,243	2,952	3,005
8,342	8,539	8,269	8,288	8,299	9,242	9,773
116	229	225	239	413	1,483	2,409
540,920	776,488	952,370	737,728	732,258	807,092	732,749
N/A	N/A	N/A	238,405	191,150	355,923	331,207
85,728	78,928	118,696	None	23,000	8,473	None
3,430	2,889	3,555	3,278	2,045	2,453	799
13	33	11	254	16	17	N/A
446	2,054	318	811	292	741	N/A
445	656	75	N/A	81	76	N/A
13	14	14	15	16	17	20
57.21	62.41	60.37	83.90	87.95	98.27	101.08
56.60	56.60	56.60	56.60	56.60	56.60	56.60
208.21	214.81	216.91	243.55	247.85	250.37	257.67
453	435	515	486	351	370	425
2	4	4	2	0	0	0
24	122	140	439	150	133	76
78	10	70	20	23	9	6

Table 18
West Valley City
Capital Assets Statistics by Function
Last Ten Fiscal Years

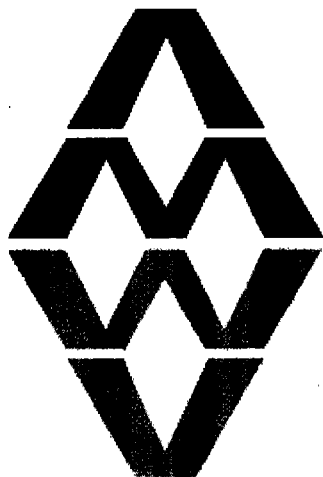
Fiscal Year	1997	1998	1999	2000	2001
Function					
Public safety					
Police stations	2	2	2	2	2
Fire stations	3	4	4	4	4
Highways and streets					
Street (miles)	293	293	293	293	293
City Owned Streetlights	101	101	101	101	101
Parks and recreation					
Parks acreage	68.2	70.9	107.9	108.4	151
Parks	8	12	13	13	14
Tennis courts	11	15	15	14	14
Softball fields	10	14	14	14	14
Basketball Courts	5	9.5	9.5	9.5	9.5
Pavillions	6	10	11	11	12
Play Structures	10	14	16	16	18
Other Properties Maintained (acres)	15.5	30.21	34.56	57.21	62.41
Total Acreage Maintained (acres)	86.4	138.11	142.96	208.21	214.81

Sources: City departments

Note: No capital asset indicators are available for the general government function

(Continued from prior page)

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
2	2	2	2	2
5	5	5	5	5
293	293	309	309	307
101	101	101	101	101
152.4	156.54	159.65	159.9	152.1
15	16	17	20	21
15	15	15	15	15
14	14	14	14	15
9.5	10	10	10	10
13	14	14	14	14
18	19	20	21	24
60.37	83.9	87.95	98.27	101.08
216.91	243.55	247.85	250.37	257.67



WEST VALLEY CITY
SUPPLEMENTARY REPORTS
FOR THE YEAR ENDED JUNE 30, 2006

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**REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

Jensen & Keddington, P.C.

Certified Public Accountants

Jeffrey B. Jensen, CPA
Gary K. Keddington, CPA
Brent E. Christensen, CPA
Jeffrey B. Hill, CPA

Honorable Mayor and
Members of the City Council
West Valley City
West Valley City, Utah

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Valley City as of and for the year ended June 30, 2006, which collectively comprise West Valley City's basic financial statements and have issued our report thereon dated November 4, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered West Valley City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Valley City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain immaterial instances of noncompliance that we have reported to the management of the City in the accompanying *Schedule of Findings and Recommendations*.

This report is intended for the information and use of the Mayor, City Council and management of West Valley City, the Utah State Auditor's Office, and federal awarding agencies and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

Jensen & Keddington

November 4, 2006



Jensen & Keddington, P.C.

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Jeffrey B. Jensen, CPA
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**REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and
Members of the City Council
West Valley City
West Valley City, Utah

Compliance

We have audited the compliance of West Valley City with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. West Valley City's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of West Valley City's management. Our responsibility is to express an opinion on West Valley City's compliance based on our audit.

We conducted our audit of compliance in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about West Valley City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on West Valley City's compliance with those requirements.

In our opinion, West Valley City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of West Valley City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered West Valley City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be a material weakness. A material weakness is a reportable condition in which the design or operation of one or more of the internal components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Valley City as of and for the year ended June 30, 2006, and have issued our report thereon dated November 4, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise West Valley City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Mayor, City Council and management of West Valley City, the Utah State Auditor's Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Jensen & Keddington

November 4, 2006

WEST VALLEY CITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Direct Program:			
Section 8 Housing Assistance Payments Program	14.195	DEN-2482-012-E	\$ 3,015,650
Community Development Block Grant - Entitlement	14.218	B-03-MC-49-0008	805,712
UCCC NEA Grant	45.024	05-7900-7026	<u>10,000</u>
Total U.S. Department of Housing and Urban Development			<u>3,831,362</u>
<u>U.S. Department of Justice</u>			
Direct Program:			
Local Law Enforcement Block Grant	16.592	2003-LB-BX-0127	84,579
Weed and Seed	16.595	2002-WS-QX-0022	<u>216,235</u>
Total U.S. Department of Justice			<u>300,814</u>
<u>U.S. Department of Treasury</u>			
Direct Program:			
Violence Against Women	16.588	2001-WE-BX-0011	<u>22,671</u>
Total Direct Programs			<u>22,671</u>
Pass Through the State of Utah:			
Weapons of Mass Destruction	97.007	05-WMD-64	306,141
Violence Against Women	16.590	03-VOCA-39	39,448
Victims Advocate	16.575	03-VOCA-59	80,577
Project Safe Neighborhood	16.609	2003-GP-CX-0531	<u>262,517</u>
Total Pass Through			<u>688,683</u>
Total U.S. Department of Treasury			\$ 711,354

See accompanying notes to the Schedule of Expenditures of Federal Awards.

WEST VALLEY CITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For The Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements Expenditures
<u>U.S. Department of Defense</u>			
Direct Program:			
Emergency Management Assistance	97.042	DOH-G0419852	<u>64,357</u>
Total U.S. Department of Defense			<u>64,357</u>
<u>U.S. Department of Homeland Security</u>			
Direct Program:			
Fire Act Grant	97.044	EMW-2005-FG-1549	<u>107,200</u>
Total Direct Programs			<u>107,200</u>
Pass Through the State of Utah:			
Homeland Security Grant	97-005	2004-LB-BX-0114	<u>54,214</u>
Total Pass Through			<u>54,214</u>
Total U.S. Department of Homeland Security			<u>161,414</u>
<u>U.S. Department of Education</u>			
Direct Program:			
Fund for the Improvement of Education	84.215	U215K030358	<u>68,826</u>
Total U.S. Department of Education			<u>68,826</u>
Total Federal Financial Assistance			<u><u>\$ 5,138,127</u></u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

WEST VALLEY CITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. *General* - the *Schedule of Expenditures of Federal Awards* presents the activity of all federal awards of West Valley City. Federal awards received directly from federal agencies as well as federal awards passed-through other governmental agencies are included on the *Schedule of Expenditures of Federal Awards*.
2. *Basis of Accounting* - The *Schedule of Expenditures of Federal Awards* is presented using the modified accrual basis of accounting.



Jensen & Keddington, P.C.

Certified Public Accountants

Jeffrey B. Jensen, CPA
Gary K. Keddington, CPA
Brent E. Christensen, CPA
Jeffrey B. Hill, CPA**AUDITOR'S REPORT ON STATE OF UTAH
LEGAL COMPLIANCE**Honorable Mayor and
Members of City Council
West Valley City, Utah

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Valley City, for the year ended June 30, 2006, and have issued our report thereon dated November 4, 2006. As part of our audit, we have audited West Valley City's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching; level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2006. The City received the following major State assistance program from the State of Utah:

B&C Road Funds (Department of Transportation)
Liquor Law Enforcement (State Tax Commission)

Our audit also included testwork on the City's compliance with the following general compliance requirements identified in the State of Utah Legal Compliance Audit Guide:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Truth in Taxation and Property Tax Limitations
Liquor Law Enforcement
Justice Court
B & C Road Funds
Other General Issues
Uniform Building Code Standards
Impact Fees

The management of West Valley City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the *Schedule of Findings and Questioned Costs*. We considered these instances of noncompliance in forming our opinion, which is expressed in the following paragraph.

In our opinion, West Valley City complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2006.

Jensen & Keddington

November 4, 2006

**WEST VALLEY CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of West Valley City.
2. There were no reportable conditions disclosed during the audit of the basic financial statements that is reported in this schedule.
3. No instances of noncompliance material to the basic financial statements of West Valley City, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No reportable conditions relating to the audit of internal control over the major federal award program are reported in this schedule.
5. The auditor's report on compliance for the major federal award program for West Valley City expressed an unqualified opinion.
6. There are no audit findings relative to the major federal award programs.
7. The following programs were tested as a major program: Section 8 Housing Assistance Payments Program, and Home Land Security.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. West Valley City does qualify as a low-risk auditee.

B. FINDINGS - FINANCIAL AUDIT AND GOVERNMENT AUDITING STANDARDS

None

C. FINDINGS - MAJOR FEDERAL AWARDS PROGRAM

None

D. FINDINGS - STATE OF UTAH LEGAL COMPLIANCE (Immaterial Instances of Noncompliance)

1. B&C road fund - Allocation of Interest

Finding

Management has responsibility to ensure that interest earned on B&C road funds are tracked and used only for B&C road expenditures. We noted that the interest allocated to B&C road fund was about \$11,000 when the balance at the Public Treasurers Investment Fund (PTIF) account had a balance of between \$2,000,000 and \$3,000,000 during the year. During the year the PTIF interest rate varied between 4 and 5%, the B&C road fund should have been allocated about \$112,000 in interest. The allocation of interest to the B&C road fund was adjusted during the audit. This appears to be caused by differences between the recorded balances of various PTIF accounts when comparing the accounting department's records and the treasury department's records.

Recommendation

We suggest that the balance of the PTIF account be reconciled to the amounts allocated to each fund on the general ledger each month. The balance per the general ledger should then be used by the Treasury department to allocate interest to the various funds.

WEST VALLEY CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

D. FINDINGS - STATE OF UTAH LEGAL COMPLIANCE (Immaterial Instances of Noncompliance)
(Continued)

2. Justice Court – Surcharge Remittance

Finding

During our audit procedures, we tested the accumulation of surcharges to the monthly collections summary report and then to the monthly amount submitted to the State of Utah, which is required to be received by the 10th of the following month. We noted that the report and collections were not remitted to the State by the 10th of the following month in 6 of 12 months during the year.

Recommendation

We recommend the City's Justice Court closely monitor the due date of the reports and remittance required for the State surcharges, to ensure that monies collected are reported and remitted within the prescribed guidelines.

3. Negative Fund Balance/Net Assets

Finding

The City had deficit fund balances or net assets in the following funds: Fitness Center Fund in the amount of \$1,602,730, Hale Theatre Fund in the amount of \$62,576, E Center Fund in the amount of \$2,193,067, Cultural Center Fund in the amount of \$363,464, Stonebridge Golf Course Fund in the amount of \$1,941,286, and Ambulance Fund in the amount of \$410,978. The Utah State Code 10-6-117 requires the City to maintain a positive fund balance and net assets in all funds. A similar finding was noted in the prior year's audit report.

Recommendation

We recommend that the City work to reverse these fund and net asset deficits and comply with Utah State Code 10-6-117 on positive fund balances and net assets.

4. Expenditures In Excess Of Budget

Finding

During our audit we noted the Road Impact Fee Fund had expenditures in excess of their budgeted appropriations in the amount of \$108,852. The Utah State Code 10-6 states, "Officers and employees of the entity shall not incur expenditures or encumbrances in excess of the total appropriations for any department or fund." A similar finding was noted in the prior year's audit report.

Recommendation

We recommend the City closely monitor expenditures in all departments and funds to ensure compliance with the Utah State Code.

WEST VALLEY CITY SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

2005 #1 Grants Fund Issues (Reportable Condition)

Finding

The Grants Fund has been established by the City to account for all governmental funds grant proceeds and associated expenditures. The Grants Fund (Fund) is designed to have minimal income or loss since all grant revenues should equal grant expenditures. We observed that the City does have internal control policies to reconcile all individual grant revenues with individual grant expenditures; however, the reconciliation process was not properly performed because the grants accounts receivable was not considered during the reconciliation process. We also observed that the City does not have in place internal control processes to monitor and adjust the restricted cash and accounts receivable associated with the various grants.

We noted the following problems during our audit of the Grants Fund:

- As of the end of the year, the Grants Fund had a total of \$146,397 from two restricted cash investment accounts that appear to have been spent during the year, and in a prior year. These restricted cash accounts should have been moved to the operating cash account of the Grants Fund.
- We noted that the City was unable to provide a complete listing of the balances and amounts which comprised the accounts receivables for the Grants Fund at year end. We observed that the City does not have in place internal controls to perform, on a regular basis, a reconciliation of the balances in the Grant's accounts receivables.
- At the start of the audit, we observed the Grants Fund had a net income of approximately \$82,000 (it should have been \$0) which was due to the CDBG grant revenues not properly being reconciled to the grant expenses. Adjustment was made during the audit.

During our auditing procedures, we observed that the grants appear to have been properly tracked and expended by the individual departments of the City. The above issues occurred when the expenditures were moved to the Grants Fund and with the recording of the related revenues, account receivables, and deferred revenues.

Similar findings were noted in the prior three years' audit reports.

Recommendation

We recommend that the City implement procedures to ensure that the internal control policy of reconciling grant revenues with grant expenditures functions properly. At year-end, the City should review all grants to ensure that all grant revenues have been properly accrued and are reconciled both to the fund total and individual accounts. The City should implement policies to periodically review the restricted cash accounts and grants accounts receivables.

Current Status

The City appears to have resolved this issue.

2005 #2 Expenditures In Excess Of Budget

Finding

During our audit we noted the Park Impact Fee Fund had expenditures in excess of their budgeted appropriations in the amount of \$21,517. The Utah State Code 10-6 states, "Officers and employees of the entity shall not incur expenditures or encumbrances in excess of the total appropriations for any department or fund." A similar finding was noted in the prior year's audit report.

Recommendation

We recommend the City closely monitor expenditures in all departments and funds to ensure compliance with Utah State Code.

Current Status

The City appears to have resolved this issue.

WEST VALLEY CITY
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS (Continued)

2005 #3 Justice Court – Surcharge Remittance

Finding

During our audit procedures, we tested the accumulation of surcharges to the monthly collections summary report and then to the monthly amount submitted to the State of Utah, which is required to be received by the 10th of the following month. We noted that the report and collections were not remitted to the State by the 10th of the following month in 6 of 12 months during the year.

Recommendation

We recommend the City's Justice Court closely monitor the due date of the reports and remittance required for the State surcharges, to ensure that monies collected are reported and remitted within the State's prescribed guidelines.

Current Status

The City has not resolved these issues, a similar finding was noted in the current year.

2005 #4 Justice Court – Dismissals

Finding

The Justice Court is required to obtain and retain documentation to support a dismissal, suspension, or credit granted by the Court. In one out of 25 cases tested, proper documentation was not available to support the dismissal. An appropriate reason or explanation for the dismissal was also not provided.

Recommendation

We recommend that the City obtain and retain supporting documentation to support all the dismissals granted pursuant to judicial order and Utah State Code.

Current Status

The City appears to have resolved this issue.

2005 #5 Negative Fund Balance/Net Assets

Finding

The City had deficit fund balances or net assets in the following funds: Fitness Center Fund in the amount of \$1,354,416, Hale Theatre Fund in the amount of \$75,983, E Center Fund in the amount of \$765,477, Cultural Center Fund in the amount of 416,151, Stonebridge Golf Course Fund in the amount of \$2,300,406, and Ambulance Fund in the amount of \$20,276. The Utah State Code 10-6-117 requires the City to maintain a positive fund balance and net assets in all funds. A similar finding was noted in the prior year's audit report.

Recommendation

We recommend that the City work to reverse these fund and net asset deficits and comply with Utah State Code 10-6-117 on positive fund balances and net assets.

Current Status

The City has not resolved these issues, a similar finding was noted in the current year.



**RESPONSES TO STATE LEGAL COMPLIANCE FINDINGS
FOR YEAR ENDED JUNE 30, 2006**

Finding:

Interest allocated to B&C Road funds understated given ongoing balance of B&C Roads funds invested with Public Treasurers Investment Fund (PTIF). Allocation of interest adjusted during audit.

Response:

The basis used for allocating monthly interest earned from PTIF included an incorrect balance for C Roads funds. The total amount from all funds used as the basis for allocating interest was reconciled to the PTIF statement monthly, but several individual fund investment balances were incorrect. The understated interest earnings were adjusted during the audit and the City has taken steps to make sure the correct PTIF investment balances are used when allocating interest.

Finding:

Justice Court monthly surcharge accumulations should be remitted to the State of Utah by the 10th of the following month. For 6 of 12 months the required report and surcharge collections were not remitted by the 10th of the following month.

Response:

An ongoing effort is being made to expedite the processing and remittance of monthly Justice Court surcharge accumulations in a timely manner. Staff are being reminded of the importance of timely transmittal of reports and surcharge remittances. The City's Finance Department staff are requesting that the Justice Court provide reports and surcharge remittances promptly at the end of each month to allow time for processing and transmittal to the State of Utah in a timely manner.

Finding:

The City had negative fund balances for the following funds: Fitness Center Fund, Hale Theatre Fund, E Center Fund, Cultural Center Fund, Stonebridge Golf Course Fund, and Ambulance Fund. State Code requires a positive fund balance in all funds.

Response:

The City is reviewing operations, including fee structures and other revenue sources, as well as cutting operating costs wherever possible without impairing these facilities'

ability to serve the public. The City provided operating transfers to some of the funds during the year to reduce deficit fund balances, and is attempting to budget additional transfers to reduce the existing negative fund balances over the next four to five years. Fund balance deficits were reduced from previous year balances for several funds.

Finding:

Expenditures in excess of budget for the Road Impact Fee Fund.

Response:

An expenditure accrued to the Road Impact Fee Fund was originally budgeted and charged in the next fiscal year; however, audit review resulted in reclassing it in the current year. City policy requires disclosure of funding sources with proposed City projects. This disclosure includes notification of the City's budget office and request for budget openings as required before projects commence. This notification is receiving additional emphasis for projects and expenditures planned near fiscal year-end. Use of purchase orders to encumber project budgets is also encouraged.